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NEWS SUMMARY

GENERAL

British appeal to Front leaders

The British Administration in Rhodesia yesterday asked the joint leaders of the Patriotic Front guerrilla alliance to postpone their return to the country as it faced mounting problems in implementing the six-day-old ceasefire.

The request came one day before the deadline for the estimated 15,000-20,000 guerrillas to assemble in camps. Only about 5,000 have done so.

The British appear determined to go ahead with election plans, in spite of deteriorating relations between Governor Lord Soames and the political wings of the Patriotic Front. Back Page

Glasgow firebomb

A firebomb exploded outside the Scottish Stock Exchange, Glasgow, but there were no casualties. Police were keeping an "open mind" about the motive, because the building houses the South African Consulate.

Ice hazard

Black ice and freezing rain caused hundreds of road accidents across the country. The driver of a tanker carrying molten sulphur dioxide was killed when the vehicle overturned on the M180 near Doncaster. Weather, Back Page

Iran mob

An emotional mob in Iran prevented Kurt Waldheim, UN Secretary-General, from leaving his car to lay a wreath at a cemetery. Chances of him finding a formula for the release of the U.S. hostages are diminishing. Page 3

Reservist shot

Reserve member of the Royal Ulster Constabulary, Robert Crilly, 60, was shot dead in the workshop of his garage at Newtonbutler, Co. Fermanagh, in front of a 12-year-old boy.

Aid warning

International Committee of the Red Cross said it would reassess its aid programme for Kampuchea at the end of this month if goods continued to pile up instead of being distributed.

Check on Tito

President Tito, 87, of Yugoslavia, has been admitted to a Ljubljana clinic for a medical check on blood vessels in his legs.

Gandhi hitch

Former Indian Premier Indira Gandhi was unable to vote in the country's general election when poor visibility prevented her aircraft from landing at Delhi airport. More than 4,600 candidates are standing in the election.

Azores tremors

Tremors shook two islands in the Azores causing panic among survivors of the New Year's Day earthquake which killed at least 33 people and made thousands homeless. Heavy rain hampered rescuers.

A strong earthquake measuring 6.8 on the Richter scale rocked the Southern Philippines island of Mindanao, but there were no reports of casualties.

Briefly . . .

Vice-president of Provisional Sinn Fein, Gerry Adams, 31, was still being questioned by detectives after his arrest in Belfast. Back Page

Bad visibility hindered attempts to recover two bodies floating on a liferaft in the Channel.

Airport police at Recife, Brazil, arrested a 24-year-old drunken man, who was at the controls of a Boeing 737 and trying to start the engines.

BUSINESS

Equities rally to close 0.1 off

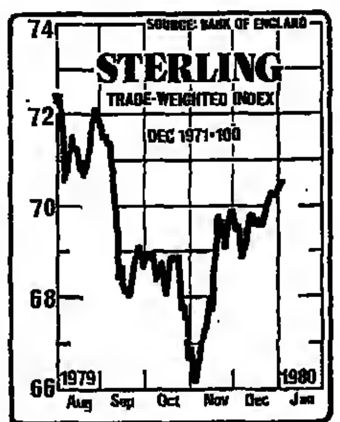
● EQUITIES suffered a fresh reverse but rallied later though this reflected a defensive mark-up by dealers rather than a return to genuine buyers. After showing a drop of 7.6 before noon the FT 30-share Index closed only 0.1 down at 406.9.

● GOLDS followed the rise in bullion and the FT Gold Mines Index jumped 14.6 to close at 303.1.

● GILTS early losses of up to ¾ of a point in longs and ½ a point in shorts were mostly regained and the Government Securities Index fell 0.11 to 64.50.

● GOLD rose by $62½ in London to close at $630.

● DOLLAR closed DM 1.7105 (DM 1.7130) and its trade-weighted index fell to 84.5



(84.6). STERLING fell 20 points to close at $2.2400 and its trade-weighted index was 70.5 (70.2).

● WALL STREET was 4.95 down at 819.62 near the close.

● INDUSTRY has revised downwards its capital spending plans for this year following the recent deterioration in the economic outlook. Back Page

● SMOOTHING intervention by the Bank of England to meet almost continuous demand for the pound on foreign exchange markets led to sizable inflows of foreign currency last month. Back Page

● GOVERNMENT is expected to decide soon on the creation of about four "enterprise zones" aimed at attracting business back into rundown inner city areas. Back Page

● LOAN package to British companies, the forerunner of substantially increased lending to the UK by EEC financial institutions, was announced in Brussels. Back Page

● INTERBANK, the international banking club, is to issue its own travellers' cheques in January 1981. Back Page

● FOREIGN exchange reserves of the nine EEC countries will increase by about $5.5bn (£2.5bn) next Tuesday due to mechanism built into the EMS whereby countries profit from higher gold price. Page 2

LABOUR

● BL management is cautiously optimistic that its 5 to 10 per cent pay offer, linked to a productivity deal, may be acceptable to the 90,000 workforce. Page 7

COMPANIES

● FODENS, the commercial vehicle builder, reported first half pre-tax losses totalling £1.73m (£98,000 profit). Page 14 and Lex, Back Page

● FAIREY HOLDINGS, owned by the NEB, is buying a Dutch filter company for £900,000 cash in its first move into Europe since problems led it into receivership over two years ago. Page 15

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Barlow Rand	365	+ 33	Bilton (P.)	183	− 7
Hawker Siddeley	178	+ 4	Birmingham Pallet	39	− 7
Johnson Matthey	233	+ 28	Cawoods	142	− 10
Suter Electrical	31	+ 3	Electrocomponents	413	− 17
Tebbitt	17	+ 3	Electronic Rentals	87	− 8
KCA	44	+ 3	Fairview Estates	174	− 6
Silkolene	143	+ 9	Farnell Elec.	218	− 10
Anglo Amer. Gold	£44¾	+ 7½	Gough Cooper	68	− 4
Cons. Gold Fields	418	+ 18	Highland Dist.	140	− 4
Eagle Corp.	32	+ 12	Imperial Group	71½	− 2½
Free State Geduld	£21¼	+ 1¾	Ladbroke	127	− 5
Free State Saaiplaas	303	+ 56	Mining Supplies	79	− 7
Hartebeest	£26¾	+ 1¼	Pawson (W. L.)	40	− 6
Libanon	780	+ 51	Rowntree Mackint'sh	156	− 6
Mount Lyell	68	+ 8	Stylo Shoes	160	− 15
North Kalgurli	53	+ 5	BP	336	− 8
Rusteaburg Plat.	275	+ 29	I.C. Gas	595	− 13
Swan Resources	37	+ 6	Royal Dutch	£34¾	− 1¼
Western Deep	£18¾	+ 1¾	Ashton Mining	150	− 16
			Conzinc Riotinto	250	− 18
			Northern Mining	146	− 19

Carter moves to delay SALT

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER requested yesterday that the U.S. Senate delay consideration of the Strategic Arms Limitation Treaty with the Soviet Union because of the "new reality" created by the Russian invasion of Afghanistan.

The President and his senior spokesmen contended that this action did not necessarily mean that détente between the two superpowers was dead.

In a letter to Senator Robert Byrd, the majority Leader, he reaffirmed his commitment to SALT Two as being in the national security interest of the U.S., and noted that he was not asking that it be completely withdrawn.

But he added that it would be inappropriate to consider the Treaty, one of his most prized accomplishments as President, while he was still assessing "Soviet actions and intentions" in the wake of the incursion into Afghanistan.

This is the most severe — and painful—sanction the President has so far invoked against the Soviet Union, though domestic political reality had dictated that SALT's chance of being ratified by the Senate had dwindled to zero in the past week.

Neither the President nor any of his advisers hinted at when the SALT Treaty might be re-submitted for ratification.

The State Department said this would depend "on events external to the U.S.", presumably a reference to something which no-one here thinks likely, the withdrawal of Soviet troops from Afghanistan.

With the U.S. embarking on a Presidential election year, SALT appears a non-starter for 1980 at the very least.

The chief State Department spokesman, Mr. Hodding Carter, maintained yesterday that "a new situation and a new atmosphere" had been created by the invasion of Afghanistan.

Detente, he said, remained in the best interests of the U.S., the Soviet Union and the world as a mechanism for resolving conflicts, but, he added, "it takes two to create the conditions for détente."

The Administration's view is that, having elected to risk not proceeding with SALT and perhaps thereby launch a new generation of the arms race, the Soviet Union has to understand that it will incur severe consequences, running not merely to a deterioration of already fragile relations with the U.S., but a more aggressive American political and strategic posture in the world.

The State Department spokesman also made it clear that resumed arms shipments to Pakistan were under active consideration. He did not exclude the possibility that as part of the overall review of U.S. policy in the region. Indian sensibilities might be assuaged by additional military supplies.

On Wednesday the President recalled the U.S. Ambassador in Moscow "for consultations." Yesterday the U.S. was energetically supporting a resolution being drawn up by Islamic and West European nations to protest in the United Nations Security Council against the invasion of Afghanistan.

Other, still unspecified measures are to be announced as soon as other nations have been apprised of Mr. Carter's decisions.

The U.S. had considered first approaching the UN General Assembly for a debate designed to condemn Soviet aggression, and may yet do so if, as is thought likely, Russia vetoes any resolution in the Security Council.

But the U.S. attaches particular importance to the fact that several Moslem nations—Egypt, Saudi Arabia, Indonesia, Bangladesh and, most important, Pakistan—are sponsoring the convening of the Security Council.

The U.S. wishes to forge closer ties with the Islamic countries, hoping that the clear evidence of Soviet repression of predominantly Moslem Afghanistan can be translated into an effective practical counterweight to any strategic advantage Moscow may have obtained by imposing its will on Afghanistan.

Deeply worried about the Soviet invasion and alarmed about her own safety, Saudi Arabia has taken an initiative in calling for consultations among Islamic countries to consider ways of supporting Moslem resistance.

Yesterday Prince Saud al Feisal, Saudi Foreign Minister, called in Ambassadors from them all to express the Kingdom's "deep concern over the grave situation arising from the Soviet intervention."

Together with other Arab oil-producing States of the Gulf, Saudi Arabia is believed to have been financing Afghan rebel factions through Pakistan.

The State Department denied that forging a closer relationship between the U.S. and Pakistan meant that Washington was in effect abandoning its attempt to keep a lid on proliferation of nuclear technology.

It was Pakistan's known attempt to build a nuclear weapon which induced Congress, with the active support of the Administration, to place an embargo on military supplies and other credit to Pakistan earlier this year.

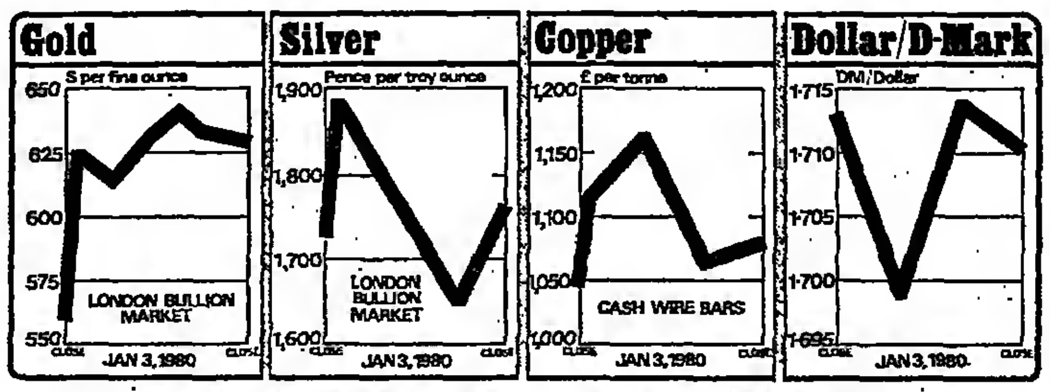
Simultaneously, the Pentagon announced yesterday that it might shortly send technical teams to the Indian Ocean area to look at military bases which the U.S. could use in emergency as temporary staging facilities for its forces.

Previously the U.S. has expressed interest in offers from both Israel and Egypt to this end.

More Afghanistan News, Page 3

Gold soars to record $630

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN NEW YORK



How the markets moved on a day of speculation

GOLD SOARED $62.5 to close at a record $630 per ounce in London yesterday as speculative fever gripped world commodity markets. Major central banks mounted substantial intervention to support the dollar on the foreign exchanges.

Fears about the consequences of the Soviet invasion of Afghanistan and the deadlock over the U.S. hostages in Tehran set off widespread moves by international investors out of paper currencies into metals and mining shares. At times, gold traded at close to $650 in Hong Kong and London—marking a rise of over $120 in the first two trading days of the New Year. The price fell to $610 in early trading in New York. There were wild speculative swings in heavy trading on the copper, silver and platinum markets both in Europe and the U.S.

Gold sources and who buys gold Page 2
Editorial comment Page 12
Lex Back Page

The London and New York stock exchanges both suffered early losses sparked by the international uncertainty and the strength of gold, but rallied later. Gold mining shares in London continued in heavy demand, with dealers describing business as "frantic."

During the morning, the dollar dropped to a record low of DM 1.6890, and was also under pressure against the Swiss franc and sterling.

But after heavy intervention by the New York Federal Reserve Bank, the West German Bundesbank and the Swiss National Bank, the dollar rallied later to finish at DM 1.7105 only slightly lower than Wednesday's close of DM 1.7130.

The Bundesbank made an open purchase of around $30m at the midday Frankfurt fixing, and bought amounts several times larger than this in trading during the rest of the day.

The Bank of England probably intervened as well — on a modest scale — to brake the rise of the pound, which rose at one point to above $2.25 before falling back to $2.24, around the overnight level.

One New York dealer estimated that central bank intervention yesterday and on Wednesday may have amounted to $500m to $600m.

The pressure on the dollar this month is in contrast to its relative firmness last month in spite of mounting international tensions. Some dealers report that selling pressure is coming mainly from central banks diversifying portfolios.

Both Mr. Paul Volcker, the Federal Reserve chairman, and Mr. Henry Reuss, chairman of the House Banking Committee, have warned about the risk of losses in the speculative gold market.

International trading in gold yesterday was marked by very wide price swings in hectic conditions. Yesterday was the first day of full volume trading in the major markets—London, Zurich, New York and Hong Kong—since the week before Christmas. The London bullion fixing took one hour in the morning and 40 minutes in the afternoon — an exceptionally long time.

John Edwards adds: There were even wilder fluctuations in the silver market. In early trading on the London Metal Exchange the three months quotation jumped to a high of 2,110p a troy ounce—a rise of 200p on the previous close. But prices then rapidly fell back to close in the afternoon at a low of 1,758p. One reason for the sudden decline was the unexpected drop in London bullion morning fixing, where three months silver was set at 1,708.9p—135.6p down on Wednesday's fixing price.

Free market platinum reached a record of $840 a troy ounce in the morning. But following the trend in gold and silver it eased in the afternoon to $805 (£358.65, up £23.25).

Copper prices fluctuated wildly on the Exchange in what one dealer described as the busiest trading activity he had ever seen. The three-month quotation for copper wirebars surged to a five-year high of £1,160 a tonne—a rise of nearly £100—in early trading but then lost ground to close only £36.5 up on the day at £1,104 a tonne.

Transport workers back steel strike

BY NICK GARNETT AND ALAN PIKE

THE Transport and General Workers' Union, which has in membership the majority of unionised dockers and lorry drivers, has told its regional offices that they should comply fully with requests from the steel unions for help in the national steel strike.

This should enable the steel unions to tighten the blockade of steel imports and restrict the movement of steel in Britain although assistance will be kept solely at local level with no specific instructions to all Transport and General members.

At the same time, Sir Charles Villiers, the corporation's chairman, said a statement made yesterday by Mr. Bill Sirs, leader of the Iron and Steel Trades Confederation, would be considered by management.

Sir Charles emphasised that the corporation had not received details of what Mr. Sirs had said and, in view of the previous positions of management and the unions, it is far from certain that there will be a basis for resumed talks.

Mr. Sirs had challenged the corporation to show that there was a possibility of earnings rising at least a further 10 per cent above the existing 6 per cent offer on the basis of business performance and shedding labour.

This extra element on top of the offer on basic pay has been consistently stressed by the corporation. Mr. Sirs indicated that if the corporation put on the table a firm offer of about 11 or 12 per cent, the unions would be prepared to discuss productivity to at least offset some of the cost.

Mr. Sirs said that although his union and the Blastfurnacemen would be prepared to negotiate and agree a productivity deal, they would not accept the productivity package currently on offer.

Mr. Moss Evans, the Transport Workers' general secretary, said yesterday that it would be impossible to give general instructions to lorry drivers and dockers.

Mr. Evans yesterday discussed the position with Mr. Jack Ashwell, the union's national secretary for commercial transport. National officials said union advice to the regions would almost certainly result in drivers refusing to handle clearly identified steel imports or to move material out of private steel manufacturers' plants.

The effect of strike on exports, Page 4
Strike details, Page 5

£ in New York

	Jan. 3	Previous
Spot	$2.2485-2495	$2.2180-210
1 month	0.70-0.65 dis	0.48-0.41 dis
3 months	1.60-1.55 dis	1.26-1.18 dis
12 months	5.00-4.80 dis	4.55-4.40 dis

Iran signs new oil supply deals

BY RAY DAFTER, ENERGY EDITOR

IRAN HAS signed new oil supply contracts with a group of international companies—including the Royal Dutch/Shell Group and British Petroleum—at an average price of $30 a barrel, some 15 per cent less than the original Iranian asking price.

However, Iran has drastically reduced its contract deliveries to BP and Shell over the next nine months, a move which may force the companies to buy Iranian crude on the higher-priced spot market.

The supply contracts, involving several Japanese companies and the two European "majors," were signed in Tehran after weeks of on-off negotiations and considerable diplomatic involvement. British and Japanese governments were in close contact with each other and their respective oil industries over the prices that were being quoted to oil companies—between $35 and $36 a barrel at one stage.

Mr. David Howell, Britain's Energy Secretary, told oil company officials that the British Government would not like to see the industry "scavenging" for oil at prices well above the Iranian contract rate of around $28.50.

Relations between the Japanese and U.S. governments also became somewhat strained at one point, after Washington had criticised Japanese companies for buying extra supplies of Iranian crude at premium rates on the spot market.

German oil consumption and French oil prices rise. Page 2
Mexican oil pricerise. Page 3
Japanese to buy Iran Oil. Page 4

The Iranian deals, announced yesterday, confirm a trend worrying major oil companies. Less crude is being sold to them directly while correspondingly more is being moved in government-to-government deals, through independent companies and traders, and through the spot market.

BP, for instance, will receive only 125,000 b/d of Iranian contract crude during the next nine months, as against 365,000 b/d during the latter weeks of 1979. In 1978, BP was buying Iranian oil at the rate of over 1m b/d, whereas back in 1974, it was receiving almost half of its total supplies — some 2m b/d — from Iran.

The company said that under the supply arrangements, BP would be able to buy an additional amount of fuel oil from Iran. Furthermore, BP expects to refine some of Iran's oil under a separate processing deal. Some of the product arising from this deal might also be sold to the company.

"We have managed to satisfy the group's demands over the past few months and we expect to continue to do so," the company added. BP needs about 2m b/d to meet its own refinery needs outside the U.S. Because of reduced supplies from Iran and other traditional exporters, and the ending of supplies from Nigeria, BP has had to end third party sales to other companies.

The company is also hoping

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CONTENTS

Gold: what are the sources of supply, who is buying and how the soaring price is benefitting Europe's exchange reserves.

Traditional suppliers are cool to rampant demand

BY NICHOLAS COLCHESTER

EXPERTS in the market last night said that on top of strong speculative demand, a fall in the primary supply of gold may be one of the elements behind the current price rise.

Aside from the obvious unwillingness of current holders of gold to meet the demands of those who wish to diversify their investments into the metal, there are two important sources of primary supply which have been reduced, or are threatened.

Initial estimates suggest that the Soviet Union has sold only 200-300 tons of gold in 1979, compared with more than 400 tons the previous year. These contributions are put into perspective by the total of 1,750 tons of gold which came on to the market in 1978 and the figure of approximately 1,820 tons in 1979.

The reason for the shortfall in the Soviet bloc's contribution can only be guessed at. One theory is that the USSR has a hard currency target for each year and that the rise in the gold price has allowed it to realise its 1979 requirement with a greatly reduced physical sale.

The second cutback in supply is less certain and relates to the future of the gold auctions carried out by the U.S. Government and the IMF. These were an important addition to net supply in 1979, contributing 574 metric tons and comparing with the 710 tons which South Africa sold during the year. This auction supply was sharply up from 307 tons in the previous year, but its future is now in doubt.

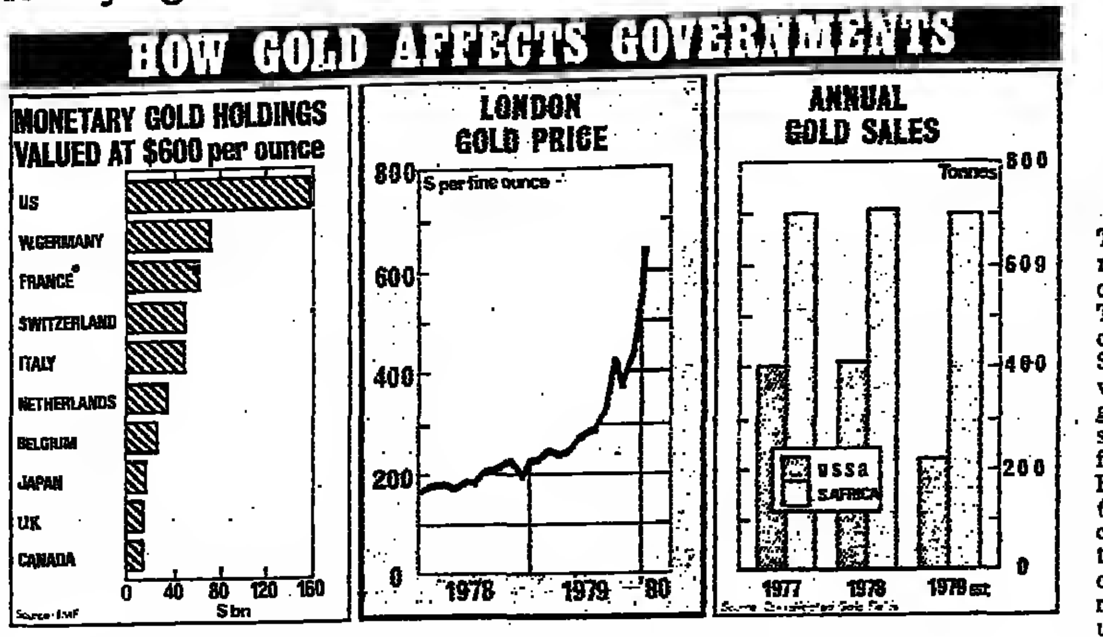
The last U.S. Treasury auction was in November 1979 and it followed an announcement that the U.S. Government was to substitute a system of random auctions for the chain of regular auctions which had taken place up till then. But the lack of auctions since then has fuelled speculation that the U.S. was in fact bowing out of gold auctions in a face-saving manner.

There are still fears in the market that the U.S. may suddenly declare a massive sale of some 5m ounces, but suspicions have undoubtedly been strengthened that this source of supply (365 tons in 1979) has dried up.

The monthly IMF auctions of around ½m oz are continuing but this four-year programme expires in May and any extension of the sales policy will require the approval of the IMF membership. So this source of supply, which contributed 170 metric tons of gold in 1979, is threatened as well.

Unlike the Soviet Union, which may be more interested in revenues than volume sales, there does not appear to be any change at the moment in South Africa's strategy of selling its entire gold output. But while this supply may thus be counted upon, it cannot be increased suddenly to meet a rise in demand. Last year, the increase in bullion holdings by investors was 560 tons, up from 220 tons in 1978, *according to estimates* prepared by Carr Sebag.

A commodity which a broad variety of new investors are interested in holding, which few investors are ready to sell, and whose physical supply is under threat is well set up to enjoy the sort of price movements which the gold market is seeing at the moment.



Mid-east buyers set the pace

BY JOHN WICKS IN ZURICH

MIDDLE EASTERN buyers accounted for a considerable share of gold demand in Zurich yesterday, where the metal began trading at $610-$620 an ounce after a two-day holiday. Dealers attributed the current gold boom not only to the Afghanistan situation and the continuing Iranian crisis but also to the lack of investment opportunities for OPEC countries benefiting from higher oil prices.

With a shortage of offers, business was hectic, though actual trading volumes were not excessive. There were some indications of profit-taking at the day's record prices, which reached $635-$645 before falling back slightly.

Dealers anticipate that further serious news from Afghanistan might push the gold price even higher. The International Monetary Fund auction is seen as having little influence on the market and the re-introduction of a 5.6 per cent retail sales tax on domestic sales of gold coins and fine gold in bullion and other form has had virtually no effect on Swiss volumes.

Although the dollar weakened in the wake of the rocketing gold price, the Swiss feel its decline against the Swiss franc—one of about 1-1.5 centimes—was relatively modest in view of the extreme disorder on the precious metals front.

Big rise in liquidity of EEC countries

BY DAVID MARSH

THE FOREIGN exchange reserves of the nine EEC countries will increase next Tuesday at the stroke of a central bankers' pen by around $5.5bn. The massive increase will not be the result of some giant borrowing or currency support manoeuvre. It will stem from a mechanism built into the European monetary system (EMS) under which member countries profit directly from the higher gold price by exchanging part of their gold reserves for European currency units (ECUs), which are useable elements of foreign exchange.

The doubling of the gold price since last summer has dramatically increased the liquidity of the EEC countries in a manner never dreamt of when the EMS was set up just 12 months ago.

Under the partial pooling of EEC reserves put into force when the EMS was established, Community central banks deposit 20 per cent of their gold and dollar reserves with a central fund, the European Monetary Co-operation Fund, receiving equivalent amounts of ECUs in return.

The deposit is renewed every three months, when the amounts of ECUs issued are recalculated to take account of variations in the countries' dollar and gold holdings and changes in the gold price. For the purposes of the ECU transactions, gold is valued at the average of the market price over the preceding six months.

The average price of gold used when the deposits were last renewed, at the start of October, was about $300 per ounce. But because of the rapid rise in the price to beyond the $500 level by the end of December, the six-month average on January 8 when the deposits are next calculated will be over $360 per ounce.

EEC central banks—including the Bank of England, which takes part in the ECU swap scheme even though Britain is not participating in the exchange rate mechanism of the EMS—deposit about 85m ounces of gold with the central fund. This means that the gold-backed component of ECU reserve holdings will rise next week to over $30bn, from the present level of about $25bn.

If the present price of more than $600 per ounce holds up, the gold component of ECU reserves could rise next year to around $50bn. The total level of ECU holdings—resulting from both dollar deposits as well as gold—would then be over $60bn.

W. Germany breaks oil intake target

BY KEVIN DONE IN FRANKFURT

OIL CONSUMPTION in West Germany rose by more than 3 per cent last year, clearly breaking the conservation targets agreed by the International Energy Agency.

The IEA, the grouping of the major Western industrialised countries, but excluding France, mounted a joint effort early last year to cut oil consumption during 1979 by 5 per cent to try to ease the supply crisis that developed from the halting of oil exports from Iran.

However, figures released yesterday by Esso, the West German subsidiary of Exxon, the U.S. oil giant, show that far from falling, total oil use in West Germany (including refinery losses, bunker fuel and military use) reached almost 154m tonnes last year, a rise of 3 per cent on 1978. Oil carried the burden of meeting about 51 per cent of total West German energy demand, which last year reached a new record level of more than 400m tonnes of coal equivalent.

The small contribution made by production from West Germany's own offshore oil fields fell back by some 6 per cent last year and for the first time since 1959 totalled less than 5m tonnes.

Tomorrow, Count Otto Lambsdorff, the Federal Economics Minister, leaves for a week-long visit to the Gulf. German fears about the future security of oil supplies and the rapid escalation of oil prices will figure prominently in talks with Arab leaders in Saudi Arabia, Kuwait and Abu Dhabi.

According to the Esso report, Saudi Arabia is now supplying about 17 per cent of West Germany's total crude oil imports of some 108m tonnes a year. The other major individual suppliers are Libya, 16 per cent, Nigeria, 13.5 per cent, the UK, 11 per cent and Iran 10.6 per cent. About 40 per cent of West Germany's crude oil imports come from the Middle East, 41 per cent from Africa, 14 per cent from the North Sea and 3.2 per cent from the Soviet Union.

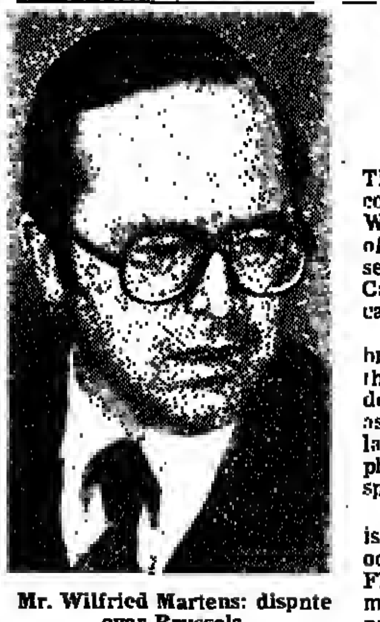
The OPEC contribution to total crude oil imports fell from 84 per cent in 1978 to 81 per cent last year as a result of the rising supplies from the North Sea.

The main reason for the high level of oil consumption in 1979 was the very cold weather in the first months of the year, Esso said yesterday. Demand for light heating oil had been expected to be less than 49m tonnes, but in the event, consumption exceeded 50.5m tonnes.

Total imports of crude oil and oil products rose by more than 5 per cent to 152.5m tonnes. Esso said a significant portion of the oil imports went towards re-building stocks which were at a low level at the end of 1978 and which fell further in the early months of 1979.

Total inland oil consumption in West Germany last year (excluding refinery use and losses, military consumption and bunker fuel) totalled 133m tonnes, according to Esso. But the company expects a slight fall in consumption in 1980—to about 130m tonnes—as a result of higher prices and slower economic growth.

Devolution may unseat Martens



Mr. Wilfried Martens: dispute over Brussels.

BY GILES MERRITT IN BRUSSELS

THE SURVIVAL of the Belgian coalition Government of Mr. Wilfried Martens is the subject of growing speculation in Brussels in advance of a special Cabinet meeting that has been called for the weekend.

The issue that threatens to bring down the Government is the intractable problem of devolving power to the regions as a means of defusing the language war between francophone Walloons and Dutch-speaking Flemings.

The status of Brussels, which is a largely francophone city occupying an enclave in Flanders, is the question that may unseat Mr. Martens. It is precisely the issue that has provoked two general elections in the past three years.

Fears that Mr. Martens' six-party coalition would disintegrate were rife before the Christmas holiday. They arose following the mid-December vote inside his own Flemish Social Christian CVP party to to reject the latest regionalisation proposals as they applied to Brussels.

The coalition parties are expected to review membership of the Government early next week in the light of the weekend ministerial talks.

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The crucial "second phase" of the regionalisation programme, the step that would confer self-government powers on the three regions of Flanders, Wallonia and Brussels, is due to be examined by a senatorial commission on January 9 before being put to the vote in the Chamber of Deputies.

But the increasingly determined opposion to the idea of Brussels becoming an autonomous region now being voiced by Flemish politicians is triggering equally strong reactions from the francophone parties in the Government, where threats of Wallonian separatism and the consequent breakdown of the present Belgian state are once again being made.

Schmidt for East Berlin despite Afghan row

By Leslie Colitt in Berlin

PREPARATIONS ARE still going ahead for Chancellor Helmut Schmidt's forthcoming trip to East Germany to meet President Erich Honecker despite worsening East-West relations over the Soviet Union's military intervention in Afghanistan.

Until now East and West Germany have been anxious not to allow tense relations between Washington and Moscow to affect their own difficult dialogue.

East Germany, however, has interjected the first element of intra-German strife into the Afghanistan conflict by accusing Herr Hans-Dietrich Genscher, West Germany's Foreign Minister, of making a statement that marks a "serious interference in the internal affairs of Afghanistan and its relations to third countries."

Principles violated

Herr Genscher had presided over a West German Cabinet meeting that called the Soviet thrust into Afghanistan a violation of the basic principles of peaceful coexistence and spoke of the military resistance by the people of Afghanistan.

The East German government news agency called this a "vicious slander" of the Soviet Union. Herr Genscher, however, has long been a favourite target of Moscow and East Berlin because of his outspoken criticism of the Soviet military build-up in Eastern Europe.

East European diplomats here do not believe the Soviet Union wants to ring down the Cold War again in Central Europe. Exposed West Berlin and the contact between the two Germanys would be the most obvious areas in which Moscow could apply pressure on the West.

The diplomats explain, however, that this would reverse everything the Soviet Union has undertaken in the past 10 years to put its relationship with West Germany on a "wholly new footing."

"Too much is involved for the Soviet Union, including important trade, credits and the goodwill of West Germans which has been carefully nurtured over the years," said one East European diplomat.

The West German Government, until Herr Genscher's statement, was conscious in its criticism of the Soviet military action in Afghanistan.

Boycott denied

Chancellor Schmidt in his New Year's message did not directly mention Afghanistan and the government spokesman denied reports that Herr Rolf Pauls, West Germany's ambassador to NATO, had even suggested a Western boycott of the Olympic games in Moscow.

West Germany is not only concerned about its always fragile relationship with East Germany and the myriad ties between individual East and West Germans that depend on it but is also worried about the effects which worsening East-West relations will have on SALT II.

Failure by the U.S. Senate to ratify the treaty would finish all chances of beginning talks with the Soviet Union on reducing the level of medium-range nuclear weapons deployed in Europe. These have been a prime goal of the West German Government.

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Cabinet minister who considered quitting Italy urged to resign

BY PAUL BETTS IN ROME

A CONTROVERSIAL statement by an Italian Cabinet Minister that he considered leaving Italy because the political and economic situation was practically out of control has provoked a political storm and fuelled further the growing political confusion and tension here.

Sig. Massimo Saverio Giannini, a university professor appointed Minister of Bureaucratic Reform last August, expressed his views in an interview published yesterday by the weekly magazine, Oggi.

His opinions, including severe criticisms of the country's political parties and Parliament, drew an immediate and angry reaction from President Sandro Pertini. The President has demanded a forthright denial of the statement by the Minister or his resignation. For his part, Sig. Giannini claimed yesterday that the article misrepresented his views, although the magazine said it had a tape-recording of the interview.

Sig. Giannini also claimed yesterday he had no intention of resigning. However, there is growing pressure on the minority Government to force the Minister to step down.

What appears particularly to have irritated President Pertini is the fact that Sig. Giannini's statement should have come only a few days after the President's New Year address to the nation in which he expressed confidence in Italy's future and its institutions.

The curious episode could not come at a worse time for Prime Minister Francesco Cossiga, currently under increasing attack from the left-wing parties and the trade unions.

Sig. Luciano Lama, the leader of Italy's main and largely Communist-dominated trade union confederation, CGIL, yesterday confirmed that the union movement would hold an eight-hour general strike on January 15 against the Government's economic policies.

At the same time, the Socialist party's central committee is to hold next week what is likely to be a crucial meeting whose outcome could have a major influence on the future prospects of the Government.

Sig. Bettino Craxi, the Socialist secretary-general, is expected to be strongly challenged at the central committee meeting by the left-wing of his party. This could lead to a reshuffle in the leadership.

His opponents are pressing for the party to support a policy of co-operation with the communists. But Sig. Craxi, together with the right and moderate wing of the party, appears to favour a new political formula which could see a Socialist Prime Minister heading a coalition of Christian Democrats and Socialists without the Communists.

France raises fuel prices by 6-12%

BY TERRY DODSWORTH IN PARIS

IMMEDIATE PRICE increases of between 6 and 12 per cent on key energy products are to come into effect in France, following the Government's decision to pass on the recent OPEC oil price rises of the Organisation of Petroleum Exporting Countries as quickly as possible.

This prompt reaction to the decisions at OPEC's Caracas conference has been accompanied by a number of measures to soften the blow for low-income groups. But Government has made no attempt to hide its determination to let domestic tariffs reflect higher crude oil prices immediately, rather than wait and run the risk of stiffer increases later.

Energy prices are one of the few sectors which remain under Government dictat, after the moves to unscramble controls undertaken in France during the past 18 months. The prices have been going up rapidly since the beginning of last year.

After yesterday's announcement, domestic heating oil prices stand 55 per cent higher than on January 3, last year, while the diesel price is 29 per cent higher and top-grade petrol costs nearly 19 per cent more.

The State-controlled electricity and gas utilities have also been told they can put up tariffs by 11-12 per cent, bringing the year-on-year gas price rise to 30 per cent and that of electricity to 27 per cent.

This price increase, the Government says, will help Electricité de France with its big investment programme in nuclear power. The programme is designed to decrease the utility's dependence on imported oil.

The authorities are also to write off a FFr 11.6bn (£1.29bn) State-backed loan, to give the utility more financial elbow-room during this period of rapid development.

The exceptional hand-outs to be given to poor families are expected to cost about FFr 1.5bn. The payments are to go to old and handicapped people, and lower-income families. They follow similar payments in August and October last year.

The Government also announced that it is to authorise FFr 7.5bn-worth of special credits for industry which will be advanced by the State's lending bodies.

AP-DJ adds: The opening of the FFr 7.5bn credit line for industry will not affect the Government's draft 1980 budget, M. Raymond Barre, French Prime Minister, said yesterday. M. Barre was speaking after appearing before the National Assembly's Finance Commission to explain the Government's decision to make the funds available.

Portuguese government sworn in

By Our Lisbon Correspondent

PORTUGAL'S FIRST post-revolutionary Conservative government was sworn into office yesterday to be faced with the aftermath of an earthquake disaster on the Atlantic archipelago of the Azores.

Prime Minister Francisco Sa Carneiro (45), who heads the Social Democratic party, promised swift relief for the thousands of homeless affected by the New Year's day earthquake which devasted three islands in the region including heavily populated Terceira.

Following a brief ceremony in front of President Antonio Ramalho Eanes by his mixed Social Democrat and Christian Democrat Cabinet, Mr. Sa Carneiro promised moderate but firm government.

Danish unions oppose wage restraint plans

BY HILARY BARNES IN COPENHAGEN

THE WAGE restraint policies imposed by Denmark's Social Democratic Government shortly before Christmas have come under pressure from several of the country's largest trade unions, which have urged members to put in wage claims to compensate for the effects of official pay policy.

In an effort to bring expected wage increases in 1980 down from about 15 per cent to about 9-10 per cent, the Government annulled price index-linked wage and salary increases which were due in March. The Printers' Union announced that it will put in wage claims to claw back this increase as well as what it called "the usual other increases."

The Metalworkers Union, General Workers' Union and Office Workers Cartel, have also urged members to press for wage increases.

Although the Government's incomes policy prevents the unions from making general wage claims until the spring of 1981, it does not outlaw increases in personal bonuses and productivity bonuses and it is these the unions are telling members to press for.

The Employers' Federation have called on its members to resist all claims. The Federation's managing director, Mr. P. Schade-Poulsen, described the union attitude as "totally irresponsible."

Soviet troops leave cities to seal Afghan borders

BY ALAIN CASS IN ISLAMABAD

THE SECOND phase of the Russian invasion of Afghanistan began yesterday. Soviet troops, backed by heavy armour, are fanning out from key cities already captured in an apparent attempt to seal off tha borders with Iran and Pakistan.

The Soviet Union also appears to have stepped up its political hold on the country with the presence in Kabul, according to diplomats, of three senior ministers and a high-level delegation from the Moslem republic of Uzbekistan.

Observers now see the Russian operation developing into a two-pronged strategy which includes securing the remaining garrison towns where dissident Afghan troops are holding out and mounting a full-blooded assault on the rebel-held areas in the country's 29 provinces.

This may take the Soviet troops some time since what remains of the Afghan army which has not been disarmed, is putting up a fight. There are also reliable reports that Afghan troops have deserted in large numbers since the Russians landed on Dacemher 24. Many have joined the rehel ranks, taking their wespons with them. Soviet convoys moving down the main highway into Kabul from the Soviet border are being amhushed by guerrillas and suffering casualties.

Reliable reports reaching Pakistan say Soviet troops, heavy armour, artillery and fighter aircraft are still ponring into the country from Samarkand, Tashkent and the republic of Tadzhikistan to reinforce the 50,000 already in Afghanistan.

The Russians are also moonting airlifts into strategic centres as far apart as Herat, in the north-west, Kandahar in the south and Kabul. Existing units have been reinforced by Mig 23 fighter bombers, "Stalin organ" rocket vehicles and vast numbers of helicopter gunships, some of which are already being deployed against rebels in Badakhshan province on the sensitive border with the Soviet Union.

There are oow said to be as many as 1,000 Soviet tanks in Afghanistan, several bundred fighter aircraft and as many helicopter gunships.

There are also strong indications that the 40,000 troops waiting on the Soviet border are also being steadily reinforced.

The immediate aim over the next few weeks appears to he to seal the horder with Iran, secure the central areas of the country where pro-Islamic rebels seriously threatened successive regimes and move quickly to loosen the rehel grip in the tribal areas adjoining Pakistan.

Some Russian units hava been spotted laying anti-personnel devices in the mountain passes into Pakistan. Reports also speak of a major Soviet move towards the city of Faizabad, capital of the province of Badakshan, close to the Russian border, which also stretches in a narrow panhandle to the Chinese frontier.

The Soviet forces appear to be keeping their distance from the Pakistani horder in any strength but officials in Islamabad are convinced that the Soviet takover in Afghanistan directly threatens Pakistan as well as the oil prodncing regions of the Gulf.

Urgent talks are taking placa at diplomatic level with the U.S. in an effort to resolve the crisis between the two countries. Pakistan's relations with the U.S. hava been going steadily downhill, with Pakistan looking to the sheet anchor of its foreign policy, China, and to the Islamic states of the Third World for support.

Considerable confusion has been created bere by declarations in Washington that the U.S. is now willing to resume the sale of arma to Pakistan and lift the embargo imposad by Congress, which is convinced that President Zia ul Haq's régime is huilding a nuclear weapon.

THE INVASION OF AFGHANISTAN

No official offer has been mada to the Pakistanis, it appears, who are bitterly critical of U.S. policy in the area hoth for what they call its pro-Indian bias and its failure to stem what senior officials describe as hlatant Soviet expansionism.

Urgent clarification is heing sought from Washington, where, the National Security Council met on Wednesday to discuss the crisis. President Zia bas to weigh up the benefits of accepting a limited U.S. packaga against the high risk of alienating his Islamic allies and possibly provoking tha Soviet Union.

No shopping list bas yet been presented but Pakistan says it needs a package which includes sophisticated jets such as the F16, modern tanks and an anti-aircraft missile defence capahility.

Such a package could cost easily $1bn and although the Saudi Arabians would probably happily finance it, the likelihood of Congress passing such a package unless Pakistan drops its nuclear researches are slim. Officials strenuously deny that Pakistan is producing a nuclear weapon but insist that there can be no question of scrapping its nuclear programme.

U.S. studies halt in grain exports to Russia

BY JOHN EDWARDS, COMMODITIES EDITOR

A STUDY of the impact of a possible halt to shipments of grains and oil seeds to tha Soviet Union, has been started by the U.S. Agriculture Department. This was disclosed yesterday by Mr. Howard Hjort, the department's chief economist. He said the study was prompted by last week's announcement hy U.S. dockers that they were considering a shipping boycott against the Soviet Union hecause of the invasion of Afghanistan.

SOVIET GRAIN IMPORTS (millions of tonnes)

	1975/6	1976/7	1977/8	1978/9	1979/80 Estimated
Wheat	5.9	4.6	6.9	5.1	11.0
Coarse Grains	15.5	5.7	11.7	10.0	21.0
TOTAL WORLD EXPORTS OF WHEAT AND COARSE GRAINS (1)					
Selected Exporters (2)	44.0	49.5	51.4	47.0	49.9
West Europe	14.5	10.9	12.3	15.6	14.4
USSR	0.5	3.0	2.0	2.5	0.5
Others	6.1	5.7	7.1	6.8	4.7
Total Non-U.S.	65.0	69.0	72.7	71.9	68.8
U.S.	78.0	76.7	83.7	89.5	109.3
Total Exports	143.1	145.7	156.4	161.4	178.2

(1) Wheat, wheat flour, corn, barley, oats, sorghum, rye (excluding products).
(2) Argentina, Australia, Canada, Brazil, South Africa, and Thailand.

Any U.S. move to halt grain shipments to the Soviet Union would have serious repercussions for both countries. The U.S. is by far the biggest supplier of grain to the Soviet Union. In the 1979/80 season ending in September this year U.S. grain will account for some 25m tonnes out of total Soviet imports of about 32m tonnes.

In turn the 25m tonnes sold to the Soviet Union equals about a quarter of U.S. grain exports of more than 100m tonnes—36m tonnes of wheat and 71m tonnes of maize (known as corn in the U.S.).

There is little chanca of this vast amount of grain being sold elsewhere. If it did not go to the Soviet Union, prices would fall sharply.

Grain prices in Chicago, which set the world market values, have already fallen back in the past few days in nervous anticipation of a possible embargo on shipments to the Soviet Union.

While the U.S. would, perhaps, suffer most financially the main impact in the Soviet Union would be on livestock. About two-thirds of the 32m tonnes of grain imports bought hy the Soviet Union are feed grains, needed to meet the needs of the steadily rising number of animals required to supply the human population with meat and dairy products.

The Soviet Union could probably tighten its belt sufficiently to provide the bulk of its needs from domestic production and from wheat already purchased from other sources, apart from the U.S.

However the threat of a cut-back in grain imports could bardly bave come at a worst time for the Soviet Union. Its 1979 harvest fell disastrously to below 170m tonnes of wheat and coarse grains, compared with a record harvest of 226m tonnes in 1978. The wheat crop was hit hardest, falling by 36m tonnes to 85m tonnes.

Ever since it became apparent that bad weather would hring such a big fall in the Soviet harvest, the Russians have been scouring the world for additional supplies. They bave contracted to huy, for shipment In the 1979/80 season, over 3m tonnes from Australia, 2m tonnes from Canada and, yet to he confirmed, 2m tonnes from Argentina.

But the rest of its supplies will have to come from the U.S. because that is the only couotry able to supply the buge quantities required.

Out of the world's total trade in wheat this season, estimated at about 77m tones, the U.S. will account for nearly half with sales of 36m tonnes. But it is even more dominant in the coarse grains, used for feeding livestock. U.S. exports are expected to reach over 71m tonnes out of a total world trade of just above 100m tonnes.

The Soviet Union also buys large quantities of soyabeans, used to provide the protein in livestock feed, from the U.S., which is by far the biggest producer.

So although the Soviet Union might be able to pick up some extra supplies of wheat from other countries, it is almost totally dependent on the U.S. for the hulk of its feedgrain requirements.

As a result the Soviet Union approached the U.S., which had record barvests of wheat, maize and soyaheans in 1979, to step up its grain purchases. There is a five-year agreement between the two countries, negotiated in 1975 after the great "grain robhery" in 1973-74 when the Russians hought up the bulk of the U.S. stocks at low prices before the U.S. hecame sware of what was happening.

The U.S. insisted on a long-term deal, under which the Soviet Union is allowed to buy up to 8m tonnes a year of U.S. grain without consultation, hut it must seek permission from the U.S. Government if it wants to buy more.

Following two sets of talks, last year, the U.S. agreed that the Russians could huy up to 25m tonnes of grain in the fourth year of the agreement—the year ending Septemhar 30 this year.

This would comprise between 6m to 8m tonnes of wheat and 16m-18m tonnes of feedgrains, hasically maize. So far the Soviet Union bas contracted to buy, out of this 25m tonnes total, 5.7m tonoes of wbeat and 11.9m tonnes of maize.

However it is one thing to buy grain, and another to ship it. There bave been many delays in U.S. grain shipments this year, as a result of strikes at the main ports and because the transport system has heen unable to cope with the huge quantities involved.

Mob stops Waldheim leaving car

By Simon Henderson in Tehran

DR. KURT WALDHEIM, United Nations Secretary-General, was hrought face to face with the realities of the Iranian Revolution yesterday when an emotional mob prevented him leaving his car to lay a wreath at a cemetery. Later he saw crippled victims of the struggla against the Shsb's regime.

Tha fact-finding nature of his visit aeems to be growing and any chance that he might find a formula for the release of the U.S. hostages seems to be diminishing. Dr. Waldheim has always denied he came to Tehran to negotiate, and any remaining hopes that this was the case, were last night being ruled out.

It is still felt that the ruling Revolutionary Council wants to work out a basis for resolving the two-month crisis. But it appears hampered by public opinion, tha intransigent stand of the militant students at the embassy and the uncertain position of Ayatollah Khomeini.

So far the only member of the Revolutionary Council that Dr. Waldheim has seen is Mr. Sadegh Qotbzadeh, Iran's Foreign Minister, with whom be has had two long meetings.

A spokesman for Dr. Waldheim said further appointments had been planned, but he was not at liberty to disclose them. Dr. Waldheim is known to be planning meetings with members of the diplomatic corps.

The spokesman would not accept that the trip had failed. He described the talks so far as "useful." No departure date had yet been fixed.

Asked if Dr. Waldheim would be able to meet the Ayatollah, he would only reply that all arrangements for meetings were being made by the Iranian Foreign Ministry.

Reuter adds: The Italian Embassy in Tehran has told its nationals that they should leave Iran unless their presence is essential.

There are some 1,200 Italians in Iran, working mainly on industrial contracts.

Struggle for West Bank grows

BY DAVID LENNON IN TEL AVIV

THE STRUGGLE for control of the West Bank intensified yesterday as Israel moved to tighten its grip on the occupied territory, while the Palestinian inhabitants demonstrated against Israeli attempts to take over their land and property.

An explosion shook Nablus, the biggest town on tha West Bank, as Israel detonated seven tonnes of explosive to level a nearby hilltop where it plans to build a new Jewish settlement.

Palestinians claimed they own the hilltop land to which Israel plans to move the settlers from nearby Eilon Moreh. That settlement was ordered dismantled by the Israeli Supreme Court, which ruled that Israel had illegally seized the Arab-owned land there.

Palestinian women and Israeli soldiers clashed near Hehron yesterday, when the women tried to demonstrate against Israali plans to build new housing for the Kiryat Arba Jewish urban settlement besida tha town.

Mr. Fahd Kawassmeh, Mayor of Hebron, said the women had heen hit by the soldiers who also arrested two youths. A military government spokesman said tha women stoned the soldiers and that one of tha youths bad been arrested when he tried to grab a soldier's gun.

Farmers from Beni Naim, 150 acres of whose land has been taken for the settlers, are to appeal to the Supreme Court next week against the land grab.

The mayor also confirmed that an Arah fund has promised to provide 1m Jordanian dinars (£1.5m) to complete a feasihility study for a £20m cement plant near his town. This is the first of a series of Arab economic projects to develop the West Bank economy.

The grant is to be provided from the fund set up by the Arab summit meeting in Baghdad to provide economic assistance to the West Bank. Approval was given by the joint Jordanian-Palestine Liberation Organisation committee in Amman.

Because of the PLO connection with this money, it is not certain that Israel will permit the importation of the funds. The official attitude is that all such projects have to be approved by the Israeli authorities before the money can be brought in.

Prominent Israelis have spoken out against the Government's decision to take over the Arab-owned Jerusalem District Electricity Corporation hy the end of this year. The Arabs have already described this move as "Isrseli economic annexation of Palestinian assets."

Mr. Teddy Kollek, Mayor of Jerusalem, has written to Mr. Menahem Begin, the Prime Minister, describing the forced purchase as a mistake which could play into the bands of extremists opposed to Jewish-Arab co-existence.

Professor Yigael Yadin, Deputy Prime Minister, has said that tha decision would cause Israel a great deal of trouhle.

Saudi Royal Family closes ranks

BY JAMES BUCHAN IN JEDDAH

CHANGES in the npper ranks of the Saudi Armed Forces and security services announced this week are seen here not only as a reaction to the siega of the Grand Mosque in Mecca and the troubles in the Eastern Province, but also as a long overdue reshuffle.

The Royal Family's ruling hierarchy is trying both to consolidate its ranks and also to deploy its senior trusted advisers more effectively.

The chief personalities involved are four senior princes. Three of them are full brothers—Sultan, Minister of Defence; Turki, his deputy until autumn 1978; and Naif, Minister of the Interior. The fourth is Fawwaz who, according to Monday's announcement, bas resigned as Governor of Mecca.

Fawwaz bas asked before to be reliaved of his duties, according to one informant in the Royal Court. There is little donbt, however, that this time King Khaled bas decided ha must go. Prince Fawwaz, however, was not responsible for co-ordinating the long-drawn-out and bloody relief of tha Grand Mosque.

Rather, Prince Sultan and Prince Naif were responsible for the Mecca operation. Military officers and defence attachés here accept that formidable problems were involved, with no one in sole authority, but there were costly tactical blunders.

Significance is attached to the return of Prince Turki from under something of a cloud of disgrace. Reasons of bealth were given for his resignation in 1978. Effectively, be had been eased out from his position as Depnty Minister of Defence.

Certainly, his return at this point should be seen in terms of a closing of the ranks and particularly of reinforcing the solidarity of the seven full brothers headed by Crown Prince Fahd. There are also suggestions that his experience is required, and that be has been able to exact something in return.

But it is uncertain whether be will resume his post as Deputy Minister of Defence which has remained vacant. Prince Sultan seems to bave fortified his position by elevating Sheikh Kamal Sindi, Director-General of Saudia, the national air carrier, and General Othman al Humaid, former Chief of Staff, to the position of his advisers with Ministerial rank.

Gen. Fayez al Suwfi, former Director of Public Security, has become an adviser of Prince Naif. Gen. Mohammed hin Illal, Commander of the Special Security Forces, moves to take over the Frontier Force which will grow in importance.

Tories will meet militia chief

By Our Tel Aviv Correspondent

A GROUP of British Conservative politicians who are dne to visit Israel next week are expected to cross into southern Lebanon to visit the territory controlled by the Israeli-backed Lebanese Christian militia.

This will he the first time that a gronp of visiting politicians has crossed the Israeli border into this disputed territory.

A six-mile strip along the Lebanese border with Israel has been controlled by tha Christian militia led by Major Saad Haddad since the Israeli invasion and withdrawal from southern Lebanon in 1978. The Christian militia, with Israeli backing, refused to hand the territory over to United Nations peacekeeping troops in the region.

The Conservative Friends of Israel group which is to visit Israel next week includes Mr. Maurice Macmillan MP, and other members of the British Parliament, the European Parliament, and the Greater London Council.

A spokesman for the World Zionist organisation said yesterday that the gronp wonld visit sauth Lebanon next Friday and would met Major Haddad.

British diplomats here were surprised by the news, but polnted out that the visitors were not coming as representatives of the British Government.

AP reports from Beirut: A previously unknown gronp calling itself the Front for Confranting the Camp David Accords—claimed responsihility yesterday for the assassination of Mr. Abraham Elazar, director of El Al airline's Istanbul office.

Mr. Elazar was ambushed by gunmen on Wednesday night as he prepared to park near his home. The assassins' Beirut statement said. The killing was a blow against El Al for its role in the service of the Israeli military establishment.

Critics end their silence on Carter's foreign policy

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE SOVIET invasion of Afganistan appears finally to beve persuaded American politicians to abandon the restraint they hava sbown in not criticising President Jimmy Carter's conduct of foreign policy for fear that sucb a debate could barm the diplomatic hostages in Tehran.

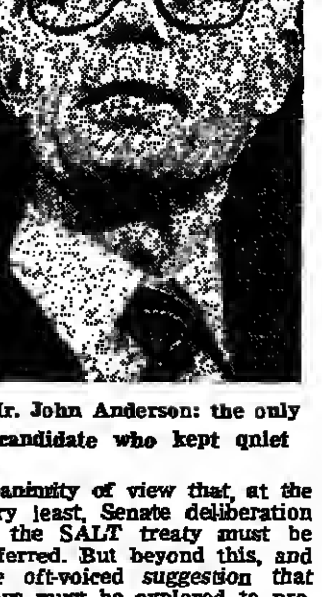
With the notable exception of congressman John Anderson the most liberal Republican contender, just about every presidential aspirant has weighed in with comments in the past 48 hours calling for, variously, decisive action in Iran, strong retaliation against the Soviet Union and some positive demonstration of U.S. strength in the world.

Mr. Anderson, bowever, warned that "It would be a bad time to see the consensus in the country break down in a fusillade of partisan shots."

There is no hard evidence of an erosion of the popularity President Carter has commanded because of his handling of the Iranian problem. The latest national public opinion poll, admittedly taken before Christmas by the Louis Harris Organisation for ABC news, shows the President widening his lead over all his opponents.

Another poll, takeo hy a Chicago television station snd published yesterday, prodnced the almost unbelievahle finding that in Cook county, which embraces Chicago, Mr. Carter leads Senator Edward Kennedy by 73 to 15 per cent—despite the support given the Senator by Mayor Jane Byrne.

But he appears to have left himself open to attack, particularly from the more conservative Republican Party, by his New Year's Eve television admission that he had heen deeply disillusioned by the Soviet incursion into Afgbanistan. In the American political lexicon, it is advisahle to be inberently suspicions of any Russian action, as Mr. Ronald Reagan, the leading Republican, was not alow to point out in sarcastically welcoming tha President's "belated" discovery that the Russians are not to be trusted.



Mr. John Anderson: the only candidate who kept qulet

There appears a near unanimity of view that, at the very least, Senate deliberation of the SALT treaty must be deferred. But beyond this, and the oft-voiced suggestion that ways must be explored to provide the Afghan insurgents with military hardware, it seems that Mr. Carter's political opponents are concentrating more on Afghanistan than Iran and more on why the Soviet Union felt able to ignore American warnings abont aggression rather than on prescriptive after-the-event proposals, many of which are known in any case to be under consideration by the President.

This is partly because there is still a natural reluctance for any politicians to maka the sort of public comment which could endanger the livea of the bostages in Tehran. Although there is frustration that, after two long months, their relase bas not been secured, there remains the realisation that the practical American options are not attractive.

From a narrow political perspective — cynical, perhaps, but significant in an election year — it is hetter that President Carter be saddled with the blame for their fate, rather than for him to be able to point a finger at those seeking his job.

It also reflects the fact that Mr. Carter's critics bave long felt that there was good mileage to be made out of retrospective analysis of his management of foreign affairs. Senator Edward Kennedy, as well as several Republican contenders, have claimed that the problem has been the administration's failure to speak "with one clear voice" on foreign policy: their ability to drive this point home has been vitiated by the national rallying behind Mr. Carter over Iran.

Republicans in particular are bound to show contempt for the President's reliance on the United Nations as a mechanism for displaying U.S. dissatisfaction over both Iran and the Soviet invasion of Afghanistan. The UN has long been beld in low regard hy American conservatives, though in recent years demands that the U.S. withdraw from the organisation bave dwindled and now are the sole prerogative of the extreme Right.

Mr. Carter's advisers bave been quick to claim that the breaking of bipartisan restraint is being undertaken merely for domestic political advantage by the President's opponents. Their exploitation of Senator Kennedy's perceived "error" in speaking out against the Shah last November contrihuted to his slump in popularity. And sharp political operators sucb as Mr. Robert Strauss, the President's campaign manager, will not be slow to try to inflict similar damsge on other aspirants.

The Carter camp also knows that the restoration of the President's prestige could yet crumble in the face of lack of results. The last four presidents have all enjoyed surges in national estimation stemming from international crises or acblevements that proved short-lived. Mr. Carter remains vulnerable on foreign policy—as he is on management of the domestic economy — and from now on the political opposition will attempt to exploit it remorselessly.

Inquiry plea into missing Argentinians

An Argentinian federal judge, Sr. Martin Anzoategui, bas asked for an investigation into the fate of thousands of people helieved to bave disappeared in Argentina over the past few years, Renter reports from Buenos Aires.

At least 6,000 people are thought to bave disappeared in the past six years, many after being seized hy uniformed men

Sr. Anzostegui ,wbo asked a criminal appeals hoard for the investigation, said many missing people may have died in a government crack-down on guerrllia activity or be under arrest. Lists of missing people were seized last September, during raids on bnman rights orgaoisations ordered by Sr. Anzoategui.

Chrysler negotiations

Mr. Douglas Fraser, president of the Uoited Auto Workers union, has said the union would hegin negotistions with Chrysler today. He boped a contrsct would be ratified by January 20, Reuter reports from Detroit. The Chrysler rescue plan approved by Congress calls for the union to make almost $260m in concessions to Chrysler in the new contract.

Chile inflation

Chile's inflation rate during December was 2.2 per cent bringing the inflation rate for 1979 to 38.9 per cent, AP-DJ reports from Santiago. Inflation in 1978 was 30.8 per cent. In 1973, the last year of the regime of President Salvador Allenda, inflation was well above 500 per cent.

Mexican oil prices increased by 30%

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO HAS raised the price of its exported crude oil hy 30 per cent to $32 a barrel for the first quarter of 1980. It has also warned that the price may increase again in the first three months depending on the world oil situation.

The $32 price is only for Mexico's isthmus (onsbore) oil. For the first time a price—$28—bas been set for offshore oil, known as Maya, which at 23 degrees API is beavier than the 34 degrees API onshore.

Until now Pemex, the state oil monopoly, has only sold onshore oil. With the coming on stream of the Cantarell oilfield in the Bay of Campeche in the middle of last year, Mexico is now selling two types of crude.

Total daily production is currently 1.93m barrels, of which about 225,000 comes from Campeche, said to he the world's ricbest offshore area.

Formally Mexico, which is not a member of the Organisation of Petroleum Exporting Countries, fixes its prices once every three months. Pemex's official warning that its prices may rise again during the first quarter reflects what it calls the "uncertain" situation in the market.

Mexico's oil exports this month will average 700,000 b/d according to Pemex.

Exports of 300m cu. ft. of natural gas a day will start to the U.S. later this month.

Wage-index mooted to protect against inflation

BY OUR MEXICO CITY CORRESPONDENT

MEXICO'S labour movement, closely allied to the long-ruling Institutional Revolutionary Party (PRI), is beginning to insist that measures be taken to protect salaried workers from rising inflation.

Last year, inflation waa 19 per cent, with a wsge-rise ceiling of 13.5 per cent, and this year inflation is forecast to be at least the same. The wage ceiling has yet to he fixed, but it could be 18 per cent.

The ruling party is considering introducing legislation for wsge indexing. The president of the Labour Congress, the organisation which groups all the unions affiliated to the party, has suggested revising wages every six months in lina with inflation.

Similar suggestions have heen made in the past, but there is no doubt, particularly now that there are Communists in the Congress for the first time, that the Government is very concerned about inflation.

Energy Department plan to control petrol supply

WASHINGTON — The U.S. Energy Department has said it is prepared to order oil companies to move petrol supplies from cities and states with ample stocks into areas with low supplies.

The policy change was msda late on Wednesday, in response to an appeal from the Mayor of Washington D.C. Although it technically applies only to Washington, it is expected to be applied to other states or cities which show they are suffering disproportionate petrol shortages. Several U.S. cities, inclnding New York, Boston and Los Angeles, are considered likely to try to take advantage of the decision.

In the past, the Energy Department has steadfastly refused to order that petrol be taken from one state or city to make up sbortages elsewhere.

It feared a scramble among the states and cities to seize one another's fuel supplies.

The Department's rules generally require each oil company to maintain the same percentage of petrol deliveries in each state as in previons years, but some states, and such cities as Washington, suffered longer queues and shorter filling station bours during last summer's petrol shortage becausa their main suppliers were companies with particularly low allocations.

Federal petrol regulations allow no relief in such situations, but District of Columbia officials applied for belp under general legal provisions which allow the Department's office of bearings and appeals to correct any "gross inequity" or "unfair distribution of burdens" caused by energy regulations.

The District was able to prove that, during last June and July, its petrol supplies were reduced significantly more than those in the U.S. as a whole and in some other big cities. It also proved that this reduction caused long petrol queues and hurt its economy.

AP-DJ

Japanese to buy Iran oil in spite of U.S. pressure

BY SIMON HENDERSON IN TEHRAN

SEVERAL Japanese oil companies signed contracts with the National Iranian Oil Company (NIOC) in Tehran yesterday.

The remainder of the 12 Japanese purchasers of Iranian crude are expected to sign in the next few days.

Previous attempts to negotiate contracts had fallen through a month ago, because of tough Iranian conditions chiefly concerning price, effectively at $35 per barrel.

The new contracts are at an average of $30 per barrel and, when all signed, are believed to total the 620,000 barrels a day that the Japanese Government has put as an upper limit on oil purchases from Iran.

Despite U.S. pressure on Japanese purchases, particularly at a high price, the Japanese companies are said to have felt free to go ahead after learning that British Petroleum and Shell were intending to buy Iranian crude at $30 per barrel.

Before negotiations resumed the Japanese Ambassador in Tehran first had to persuade Mr. Ali Akbhar Moinfar, the head of NIOC, that a previous deadline should be ignored.

The signing of the oil contracts brings to an end an awkward period of relations between Japan and the U.S. Washington had initially criticised Japanese companies for buying extra Iranian crude on the spot market when sales to U.S. companies were stopped after the American embassy was seized.

The Japanese felt this criticism was uncalled for because their 12 customers for Iranian crude were being subjected to pressure in the sellers market by NIOC. The Iranians were believed to be insisting that Japanese companies purchase spot oil at high prices as an indication of good faith for the 1980 negotiations.

It is not clear whether the Japanese have won any trade-off with Iran towards the completion of Tokyo's other major interest in Iran—the $3.3bn petrochemical works at Bandar Khomeini, formerly Bandar Shahpour, on the Gulf Coast.

Work on the project, in which Mitsui is the main partner, was 85 per cent complete before the revolution last February.

But an attempt to restart in November failed because of labour disputes.

Mitsui is hoping to begin work again in March.

UK businessmen on mission to Salisbury

FINANCIAL TIMES REPORTER

THE FIRST organised group of British businessmen to visit Rhodesia since the lifting of sanctions leaves London for Salisbury today for a week-long "pathfinder mission," arranged by the Institute of Directors.

The six-strong delegation of businessmen, led by Mr. James Moorfoot, member of the IOD Council and chairman of Kodek, will examine the state of the Rhodesian economy and meet businessmen in the public and private sectors.

The delegation will also meet Lord Soames, the Governor, leaders of the main political parties, and will spend several days travelling around the country to see mining, industrial and agricultural developments.

Mr. Moorfoot said: "Rhodesia's return to legality and international recognition creates tremendous opportunities for British business.

"Rhodesia has great natural resources and should have the potential to become one of Africa's boom economies. British business must lead the way.

"We hope that our 'pathfinder mission' will be only the first step in a major push by British business to exploit new opportunities with our business friends in Rhodesia."

Rhodesia-Zambia road link reopened

By Quentin Peel in Salisbury

THE FIRST road route between Rhodesia and Zambia—across the Kariba Dam wall—has been reopened, the Rhodesian authorities announced yesterday. The major road between the two countries at Chirundu should be open within two weeks.

The announcement was made as a top-level Mozambiquan Government delegation arrived in Salisbury to arrange for the reopening of the road and rail trade routes through that country. According to Radio Maputo in Mozambique, the first passenger train was already en route from Beira for Umtali.

An official of the Rhodesian Ministry of Roads said every effort was being made to reopen the routes into both Zambia and Mozambique. However both major road bridges across the Zambesi to Zambia, at Chirundu and Victoria Falls, require some repairs before they can be reopened.

It is understood that the Kariba route has only been used by cars since it was reopened at the beginning of the week. The Chirundu Bridge was expected to be opened by the middle of the month, the statement said, but a weight limit of 25 tonnes would be imposed.

Repairs at the Victoria Falls road bridge require 450 tonnes of reinforced concrete for the roadway, which will then need until the end of the month to harden.

The reopening of the Umtali-Beira road and rail routes is also likely to provide major relief to Zambia, which is facing serious shortages of food and other supplies because of the disruption of its trade routes.

Sen. Alcantara Santos, Mozambique's national Director of Harbours and Railways, arrived here last night to finalise arrangements for restarting the two countries' road, rail and air links. He will meet Rhodesian officials today.

● Zambia Airways will start flying to Rhodesia next Wednesday, AP reports from Lusaka. Zambia Airways said the airline was all set and flight schedules on the Lusaka-Salisbury route had already been worked out.

News Analysis ● Roy Hodson examines the effect of the steel strike on exports.

Brighter side to expected £20m sales loss

DISRUPTION CAUSED by the British Steel Corporation strike, even if it is a short one, is likely to cause the loss of a month's export business worth more than £20m.

The iron and steel production and sales chain from ore shipments to the despatch of finished products to foreign customers is cumbersome and occupies a time span of several months. The ending of iron and steel production from December 24, when the Christmas holidays started, and the picketing of the British Steel works from Wednesday, will have the effect of robbing the corporation of at least a month's production for export, even if the strike is settled by next week.

But the corporation management is prepared for a much longer dispute and already is bracing itself for the possible loss of several months' export business.

Even that picture has a bright side to it, however. During the international steel recession, British Steel has found it increasingly difficult to make profits in some export markets, particularly in North America.

Although up to 250,000 tonnes of export business will be lost to the corporation each month during the dispute, much of that business has been traded at such low profits recently that the corporation will not seriously miss the financial contribution.

The corporatio nis working towards a strategy to reduce its overall export trade from 3m tonnes a year to about 1.5m tonnes a year; or possibly as little as 1m tonnes a year.

Mr. Gordon Sambrook, commercial director of British Steel, and Mr. Bob Scholey, chief executive, have said recently that it is pointless for the corporation to carry on with exports which cannot be sold at sufficient price to provide a proper return on profits.

Sales are already being run down in the U.S. where British Steel and other European producers have been involved in a running fight with domestic steelmakers over the levels of their trade.

The withdrawal is expected to be particularly sharp in the flat-rolled products market sector.

A major reduction in British Steel exports is part of the corporation's plan to achieve financial viability by running a slimmer iron and steel production operation.

The unions were told before Christmas that the corporation wants to close 6.5m tonnes of steelmaking capacity by next August, with the loss of up to 53,000 jobs.

If this big contraction can be achieved, British Steel will be left with an annual output of 11.5m tonnes of finished steel (from 15m tonnes of liquid steel capacity). The intention is to divide that production as follows: Sales of 8m finished tonnes on the home market; sales of 2m finished tonnes to the private sector steelmakers who are closely linked with British Steel production; and export sales of about 1.5m tonnes a year.

The corporation wants to export that 1.5m tonnes a year in a highly selective fashion, choosing its business where adequate profits can be achieved.

Within the last year that strategy, in its early stages, has resulted in a build-up of business with both China and India. And almost half the corporation's total exports are now being sold through wholly-owned sales companies in strategic markets around the world.

The policy of establishing a direct British Steel presence in markets has helped improve trading performance and establish closer links with customers.

However, the exports strategy could be badly damaged by a prolonged strike and resulting loss of confidence among foreign customers.

Swiss make concessions on exports

By John Wicks in Zurich

IN SPITE of the strength of the Swiss franc, the Swiss chemical industry still had to make price concessions on export markets over the past year because of the exchange-rate situation. This is claimed in an end-of-year industry survey published by Credit Suisse.

Business for the highly export-orientated chemical sector was generally satisfactory in 1979, according to Dr. Alfred Hartmann, chairman of the Swiss Society of Chemical Industries. Export value was up 3.9 per cent for the first nine months over the corresponding period of the previous year, with growth accelerating from quarter to quarter. A fall in average export prices of 1.8 per cent, however, indicated the necessity to make price concessions on foreign markets.

Dr. Hartmann said in a special issue of the bank's monthly bulletin, that in the pharmaceutical industry exports had risen in the first three-quarters by only 0.7 per cent to SwFr 2.62bn (£732m).

Dyestuffs benefited both from better world demand and from a trend towards stockpiling. Here, however, "substantial" price concessions meant that a 15 per cent expansion in export tonnage was accompanied by a rise of only 3.4 per cent, to SwFr 965m, in export value.

Hungary to continue export drive to West

BY PAUL LENDVAI IN VIENNA

THE HUNGARIAN Government has decided to continue the all-out export drive in the West and to keep imports from the convertible currency areas "slightly" below last year's levels.

Thus, while exports this year are scheduled to rise by 10 per cent to the West as against 5 per cent in sales to the Comecon countries, imports from the West will be, for the second consecutive year, below the levels recorded in the preceding year.

Following the halving of the hard currency trade deficit last year, the plan for 1980 aims at a further reduction of the visible trade deficit in exchanges with the West.

Speaking in the recent budget debate in the Hungarian Parliament, Mr. Peter Veress, the Trade Minister, stressed that despite the success in reducing the hard currency deficit the structure of exports had remained unsatisfactory. Engineering products accounted last year only for 10 per cent of the overall exports to the West.

While sales of basic and half-finished products jumped by 36 per cent, the engineering sector recorded a slower growth rate with 24 per cent. The Minister added that Hungarian exporters have been able to increase "substantially" the prices of exported materials, but those charged for engineering goods rose only slightly.

Mr. Veress reaffirmed Hungarian interest in concluding joint ventures with Western companies. Hungarian companies conclude on the average 50 to 70 such deals annually, primarily in engineering, textiles, pharmaceutics and plastics. He pointed out that one-third of the agreements involve technology transfer.

As for relations with the Comecon partners, he admitted that the adverse impact of inflation, energy and fuel costs on a worldwide scale also was affecting Socialist countries' intra-Comecon trade.

Currently engineering contracts account for 40 per cent of exports to developing countries, but sales evidently will be pursued only in those countries which can pay in hard currency.

Ewbank wins Brunei Shell deal

BY OUR WORLD TRADE STAFF

EWBANK and Partners, the Brighton-based consulting engineering concern, has been awarded a contract to provide centralised power generation facilities associated with Brunei Shell Petroleum's development of the Champion oil field in the South China Sea, the company said yesterday.

The facilities being designed by Ewbank are for an ultimate capacity of 40mw, the initial requirement involving four dual, gas oil-fired turbine generators with individual capacities of approximately 2.5mw. Ewbank declined to disclose the value of the contract.

In a similar development, Redpath Offshore Design Associates has been contracted to undertake design work for the jackets, decks and piles of two oil platforms to be installed in the Campos basin off the coast of Brazil.

The Campos project is being developed by Petrobras, the Brazilian state oil company.

The contracts were among several concluded by British companies in recent weeks. Among the others were:

● A £7m contract for Harbour Engineering awarded by Euroasie Dockyard Enterprise for the site formation, reclamation and marine structures for Euroasie's dockyard on Tsing Yi island in Hong Kong. The contract is to be completed in 22 months.

● An estimated £5m in orders placed with British companies at the recent All-British Scientific Instrument Exhibition in Moscow, the highest figure achieved at any of the three triennial exhibitions held in the USSR. The exhibition was organised by the Scientific Instrument Manufacturers' Association in conjunction with the British Overseas Trade Board.

China opens new ports

PEKING — The eastern Chinese province of Fujian has reportedly opened 20 new ports along its coastline to encourage trade with Hong Kong, the People's Daily said yesterday.

Previously only two of Fujian's ports, Fuzhou and Xiamen were permitted to engage in international trade, the newspaper said.

"The 20 newly-opened ports will greatly relieve the transport pressure on Fuzhou and Xiamen and speed up the province's shipments to Hong Kong and Macao. Reuter

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.320	—	—	4	4.50	—	—	F.303
ABN C	F.340	—	—	2	1.50	—	—	
AKZ C	F.22.50	—	—	—	—	3	3	F.22.60
AKZ C	F.25	13	0.10	20	1.20	3	1.80	"
AKZ C	F.27.50	—	—	12	0.60	12	0.80	"
AKZ C	F.30	—	—	30	0.20	—	—	"
AKZ P	F.25	—	—	10	1.90	—	—	"
AKZ P	F.27.30	—	—	—	—	10	4.50	"
ARB C	F.65	20	1	—	—	—	—	F.64.50
ARB C	F.70	—	—	2	0.70	1	1.80	"
BQ C	F.220	2	5	—	—	—	—	F.219.20
EK C	$45	5	$1\frac{1}{4}$	—	—	—	—	$44\frac{3}{8}$
FNC C	$25	—	—	2	$\frac{7}{8}$	—	—	$32\frac{1}{2}$
HO C	F.20	—	—	—	—	5	4	F.21.40
HO C	F.22.50	—	—	10	1.30	5	2.60	"
HO C	F.27.50	—	—	10	0.20	—	—	"
HO C	F30	—	—	2	0.20	—	—	"
IBM C	$60	30	$5\frac{1}{8}$	—	—	—	—	$$2\frac{3}{8}$
IBM C	$65	50	$\frac{5}{8}$	2	$\frac{7}{8}$	—	—	"
KLM C	F.70	70	1.40	68	4.20	28	7	F.66.70
KLM C	F.80	200	0.10	104	1.50	120	3.60	"
KLM C	F.90	11	0.10	2	0.70	30	1.60	"
KLM C	F.100	12	0.10	22	0.30	—	—	"
KLM P	F.70	241	2.60	14	4.50	10	7	"
KLM P	F.80	146	11.30	13	11.80	25	12	"
KLM P	F.90	5	20.50	3	21	—	—	"
KLM C	F100	1	29	—	—	—	—	"
NN C	F.116	10	4.60	—	—	—	—	F.118.20
NN C	F.120	15	0.80	15	4.50	8	5.50	"
NN C	F.125	—	—	2	5.20	—	—	"
PET C	Fr.5000	—	—	1	730	—	—	Fr.5480
PET C	Fr.5500	1	178	11	390	—	—	"
PET C	Fr.6000	2	20	12	150	6	260	"
PHI C	F.20	2	0.70	15	1.60	46	1.80	F.20.10
PHI C	F.22.50	—	—	15	0.60	59	0.90	"
PHI P	F.25	—	—	20	0.20	—	—	"
PHI C	F.50	—	—	—	—	65	0.80	"
PHI P	F.52.50	40	5.40	4	5.60	10	5.20	"
PHI C	F.25	12	4.40	20	4.70	20	4.80	"
PRD C	$55	20	2	10	$3\frac{1}{8}$	—	—	$25\frac{1}{4}$
PRD C	$30	—	—	20	$1\frac{1}{2}$	—	—	"
PSA C	F.300	—	—	2	6	—	—	F.550.10
RD C	F.140	2	5.10	10	11.60	—	—	F.144.30
RD C	F.143	62	2	—	—	—	—	"
RD P	F.150	570	0.70	51	3	12	6.70	"
RD P	F.160	209	0.10	87	1.60	40	3.80	"
RD P	F.136	10	0.10	—	—	—	—	"
RD P	F.140	12	0.50	357	3	—	—	"
RD P	F.145	550	1.50	63	2.50	1	—	"
RD P	F.150	206	5.30	19	5.30	10	6.50	"
RD P	F.160	42	14.70	10	14	—	16.60	"
UNI C	F.120	—	—	5	3.60	—	—	F.113.50
XRX C	$50	4	$10\frac{3}{4}$	—	—	—	—	$59\frac{7}{8}$
XRX C	$60	—	—	4	$4\frac{1}{8}$	—	—	"
		Feb.		May		Aug.		
SLB C	$80	5	$13\frac{1}{4}$	—	—	—	—	$89\frac{3}{4}$
SLB C	$90	10	$4\frac{7}{8}$	6	11	—	—	"
SLB C	$100	20	$1\frac{3}{8}$	2	$4\frac{1}{8}$	—	—	"
		March		June		Sept.		
GM C	$50	4	$2\frac{1}{8}$	10	4	—	—	$42\frac{3}{8}$
2 C	$20	—	—	6	$1\frac{1}{4}$	—	—	$12

TOTAL VOLUME IN CONTRACTS 3585

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Julian S. Hodge	18 %
A P Bank Ltd.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	London Mercantile	17 %
Bank of Cyprus	17 %	Edward Manson & Co.	18 %
Bank of N.S.W.	17 %	Midland Bank	17 %
Banque Belge Ltd.	17 %	■ Samuel Montagu	17 %
Banque du Rhone at de la Tamise S.A.	17½%	■ Morgan Grenfell	17 %
Barclays Bank	17 %	National Westminster	17 %
Bremar Holdings Ltd.	18 %	Norwich General Trust	17 %
Brit. Bank of Mid. East	17 %	P. S. Refson & Co.	17 %
■ Brown Shipley	17 %	Rossminster	17 %
Canada Perm't Trust	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Cayzer Ltd.	17 %	Schlesinger Limited	17 %
Cedar Holdings	17 %	E. S. Schwab	17 %
■ Charterhouse Japhet	17 %	Security Trust Co. Ltd.	18 %
Choulartons	17 %	Shenley Trust	19 %
C. E. Coates	17 %	Standard Chartered	17 %
Consolidated Credits	17 %	Trade Dev. Bank	17 %
Co-operative Bank	*17 %	Trustee Savings Bank	17 %
Corinthian Secs.	17 %	Twentieth Century Bk.	17 %
The Cyprus Popular Bk.	17 %	United Bank of Kuwait	17 %
Duncan Lawrie	17 %	Whiteaway Laidlaw	17½%
Eagil Trust	17 %	Williams & Glyn's	17 %
E. T. Trust Limited	17 %	Yorkshire Bank	17 %
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

ENERGY REVIEW BY KEN GOODING

Brazil turns to sugar power

BY 1985 Brazil expects to have more than 2m cars on the road fuelled by ethanol distilled from sugar instead of oil. To achieve that objective the country must build one average-sized distillation plant (120,000 litres a day output) every four days between now and 1984. And each distillery will need a new sugar cane plantation to be developed to provide its raw material.

Distilleries do not involve any form of high technology. Even so, critics of the Brazilian Government's "pro-alcohol" project ask where are the managers to push through such a programme?

They also suggest that the $15bn to be spent would be more profitably invested in speeding up production of shale oil—of which Brazil has a reasonable quantity—because, according to some estimates, this becomes a viable proposition when the world oil price reaches $35 a barrel.

'Feasible' goal

On the other hand the price of oil must rise to $40 a barrel before ethanol becomes a commercial proposition.

The cash could also more realistically be used to encourage oil companies to do more prospecting in Brazil even though the chance of big strikes look rather dim so far.

However, a senior Transport Ministry official with whom I discussed the issue echoed the current Brazilian optimism. "The pro-alcohol goal is feasible. We may be a couple of years late with our targets—but we can achieve them."

Certainly the country needed to do something urgently to stabilise oil imports, the price of which was threatening to absorb half the country's export income in the early 1980s. There are social benefits, too, to be gained from the programme. The Government is determined to slow up the drift of population to the highly-industrialised South East region where 60 per cent of the national income is currently earned.

So it is giving priority to agriculture. Sugar cane plantations and distilleries would open up as yet untouched areas of the interior, providing jobs and an infrastructure of roads and services which could attract further development.

To cope with the country's oil crisis some short-term measures have been taken by the Brazilian Government—which may be moving slowly towards a more democratic system but is not yet far enough down that road not to be able to take a totalitarian approach to some problems. The measures particularly hit the passenger car.

They include such ideas as a ban on the expansion of existing service station networks, closure of service stations at the weekends and after 9 pm, a tightening of hire purchase terms and a loosening of price controls on cars.

There have also been steep increases in the prices of all fuels (petrol prices went up again by between 58 and 62.5 per cent last month), the removal of subsidies on diesel fuel, and buyers of fuel oil have to make a compulsory 360-day bank deposit which gathers no interest while inflation continues at between 50 and 100 per cent.

Other measures already taken to "stretch" oil supplies in Brazil include mixing up to 20 per cent of ethanol with petrol. This does not save as much as it sounds, perhaps 5 per cent of the petrol, because alcohol has a lower calorific value.

As for diesel, it is being mixed with up to 12 per cent of heavy naphtha or up to 10 per cent of petrol or up to 25 per cent of kerosene.

Brazilians hope one day to add about 30 per cent of vegetable oil to diesel fuel too, but one diesel-engine manufacturer described this as "a dream." A diesel engine which was run on palm oil alone completely lost power after 50,000 miles because carbon deposits clogged it up.

Fuel oil is being replaced, where possible, by coal, charcoal, gas or electricity; LPG by ethanol-based gas, and in the petro-chemical industry, ethylene is being replaced, where feasible, by ethanol and other biomass products (mostly vegetable matter).

Nervous car manufacturers, which have been working on the development of all-ethanol car engines for the past five years, eventually managed to persuade the Government to set out its longer term objectives in the form of a protocol. This establishes what is expected of the motor industry as far as cars are concerned and what the Government might achieve in providing the alcohol and making sure it is distributed adequately.

As the accompanying tables show, the industry is now committed to provide up to one-third of all new cars with alcohol-burning engines by 1985. Current estimates suggest that will involve 380,000 cars a year.

This seems likely to cause the industry few headaches. There are already more than 6,000 all-alcohol burning cars among the Government's fleets.

Relatively simple adjustments to the ordinary petrol engine (or Otto cycle engine) make it operate efficiently on ethanol. The engine needs a much higher compression ratio (perhaps 12 to 1 compared with the normal 8 to 1) because alcohol's octane rating is better than petrol's.

However, this means that "cold" starting — in temperatures below 15 degrees C—is difficult and so a small (one litre) auxiliary tank of petrol is incorporated in "alcohol" cars to help starting.

Other engine modifications needed are an inlet manifold warmed by waste heat from the exhaust, different plugs and ignition timing and the replacement of some metal alloys, plastic and rubber parts because of the highly corrosive properties of ethanol. Fuel tank and lines have to have an anti-corrosion coating and, in this connection, service stations, too, will have to line their tanks and pipes.

Production of "alcohol" cars on a volume basis has already begun at most of Brazil's biggest car plants. Only General Motors is waiting until next year.

A brief drive in first an "alcohol" Volkswagen Beetle and then a Passat confirmed the makers' claim that there is no obvious loss of performance once the engine has been started.

The main difference when the car is being driven is the strong, characteristic smell of alcohol emitted. Only time will tell about the reaction of people to this odour when many alcohol cars are caught in a Sao Paulo traffic jam.

The automotive industry has now turned its attention to switching diesel engines, used to power all but 1 per cent of the new trucks registered in Brazil last year, to ethanol.

The Government insists that any solution should be applicable to the 1m diesel engines (including 700,000 in trucks) currently in use in Brazil—just as it insisted that existing car engines should be capable of conversion.

Daimler-Benz of West Germany, among the major diesel engine producers in Brazil suggests that the answer is simply to make minor modifications to the fuel injection system of the engine, and add some extra lubrication channels. (Ethanol has no lubrication properties as it has a very simple chemical structure).

Daimler Benz's solution would enable a twist of a switch to convert the engine back to running on diesel fuel, useful on long distance hauls to places where alcohol is not available.

But because it has a lower calorific value a tank full of ethanol would take a truck only 60 per cent as far as the same tank full of diesel fuel: other engine makers insist this is unacceptable in expense and the large volume of alcohol that would be required.

The additives necessary to make ethanol acceptable for diesel engines are also a problem. Nitrates are required as an ignition accelerator, between 10 and 20 per cent by volume. According to Mr. A. C. S. de Aguiar of Saab-Scania of Brazil and the industry spokesman for the diesel energy group which liaises with the Government, the world would need to double output of nitrate to cope with Brazil's demand if alcohol was completely to replace diesel fuel. "That is obviously too expensive and out of the question."

The Transport Ministry official continued to exude confidence, however. "There is no efficient substitute for diesel fuel yet. But we expect to find one soon." In particular, the Government hopes that experiments with fusel-oil based on a sugar cane by-product and substituted for imported nitrate will prova successful.

(The other additive, the necessary lubricant required because alcohol has such a simple chemical structure, gives no problems. It is castor oil.)

Ford, which does not make its own diesel engines in Brazil believes a better answer would be for trucks to revert to using petrol engines which could more easily be converted to alcohol now that the industry has experience with smaller car engines. But that does not fulfil the Government's requirement that the country's existing stock of diesel engines should be convertible to ethanol.

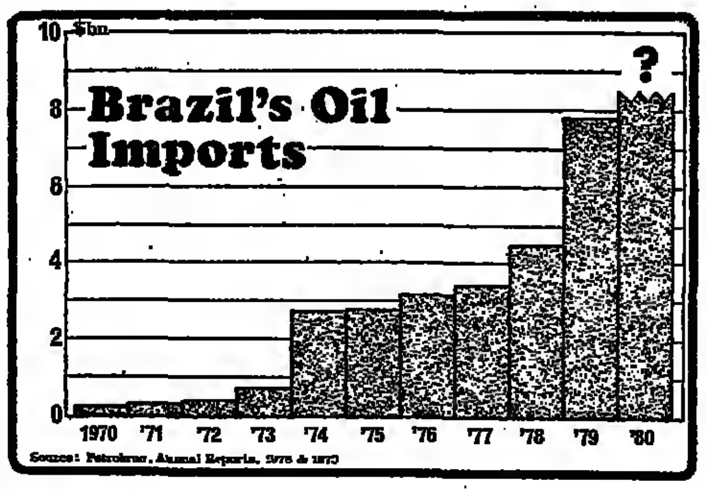
So far Daimler-Benz has put three buses with alcohol-driven diesel engines on the road and Saab-Scania will follow suit early next year. Buses have been chosen for the experiment because, if the economics stay anything like they are today, alcohol-burning diesel engines will be sold only into "captive" government and local-authority fleets for many years to come.

Earliest date

Diesel engine makers do not expect to have to go into volume production of alcohol diesels until 1985 at the earliest. Apart from giving them as much time for development as the petrol engine manufacturers were given, this is about the earliest possible date when the Government could be expected to have enough alcohol available for use by buses and trucks as well as cars.

Any lessons from the pro-alcohol experiment cannot easily be transferred from Brazil. It is the only country in the world with both the land available—only 2 per cent of Brazil's land would have to be used to substitute ethanol for all current oil imports—or the sunshine which gives at least three crops of sugar cane a year.

It does show clearly, once again, the difficulty the motor industry faces in the search for a suitable substitute for oil-based fuel, a substitute which must be equally abundant and cost about the same.



Source: Petrobras, Annual Reports, 1978 & 1979

THE PRO-ALCOHOL PROGRAMME

(Forecast outputs)

	1980	1981	1982	1983	1984	1985
Total Ethanol Production (billion litres)	3.8	4.7	5.5	6.7	8.5	10.7
Chemical Industry Fraction (billion litres)	0.3	0.6	0.8	1.0	1.2	1.5
Anhydric Ethanol Fraction for intended 20% Blending to petrol (billion litres)	3.1	3.2	3.2	3.2	3.2	3.1
Volume Left for 100% fuelling (billion litres)	0.4	0.9	1.5	2.5	4.1	6.1
New Cars to be Produced for 100% Ethanol Fuelling (thousand units)	207	233	253	287	346	380
Retro-Fittings to be made for 100% Ethanol Fuelling (thousand units)	60	67	80	80	87	87
Cumulative Fleet Using 100% Ethanol (thousand units)	267	564	891	1.249	1.670	2.121
Required Ethanol Volume (billion litres)	1.0	2.1	3.2	4.5	6.1	7.6
Max. Blending % to Petrol	15.9%	12.9%	9.3%	7.5%	8.0%	9.7%

Source: Mines & Energy Ministry, 1979 Alcohol Volume Planning

Sterling advances up but foreign currency loans flat

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

LENDING in foreign currencies to U.K. residents was flat in the second half of last year, in marked contrast to the sharp growth in lending in sterling, both to companies and persons.

The quarterly analysis of bank lending, published yesterday by the Bank of England, confirms the general buoyancy of advances in autumn, although the increase was slightly smaller than in summer.

Few analysts expect to see a significant slowdown in lending until at least the spring, when companies will have had time to adjust their investment plans and stocks.

Sterling advances and acceptances to UK residents increased £2.58bn between mid-August and mid-November, compared with a rise of £3.46bn in the previous three months. Seasonal factors inflated the figures by only £53m compared with £280m in the previous three months.

After excluding the estimated effect of changes in exchange rates, however, foreign currency advances and acceptances to UK residents rose by only £126m in the three months to mid-November.

This was more than accounted for by a rise of £409m in lending to the category known as other distribution, notably by foreign banks. This category covers wholesale distributors and importers and much of the lending may have financed purchases of foreign goods.

Otherwise there was a widespread fall in foreign currency lending, notably to the other financial and chemical sectors.

This probably reflected the impact of the first stage of the removal of exchange controls last summer, which permitted companies to repay foreign currency loans before maturity. Several sectors, notably investment trusts, have taken advantage of this relaxation.

The detailed figures highlight the continued sharp rise in bank acceptances or commercial bills, largely to avoid the impact of the corset restrictions. Acceptances rose by 18 per cent in the three months to November compared with 28 per cent the previous quarter.

There was a widespread increase in sterling advances and acceptances. Lending to manufacturing rose by £625m, or 5.2 per cent during the quarter, on an unadjusted basis. The main rises were in lending to food, drink and tobacco (up 9.4 per cent), engineering (up 8.3 per cent) and chemicals (up 7.4 per cent).

Lending to persons other than for house purchase rose by £278m, or 5.6 per cent, compared with an increase of £411m the previous quarter. Other lending benefiting private individuals, such as advances to finance houses, remained more buoyant.

Bank Advance Tables Page 11

New trial for glossy magazines men

THE JUDGE in the "glossy magazine" trial at Nottingham Crown Court yesterday discharged the jury and ordered a new trial of four men accused of conspiracy to defraud.

The charges relate to the society magazine "The Tatler and Bystander" and the Nottingham Observer. The prosecution claimed that circulation figures for the magazines were falsified to persuade potential advertisers to buy advertisement space.

Ordering the re-trial, Judge Denis Lloyd told the jury: "A document was seen, which should not have been seen by you. It is most regrettable, but it has happened as a result of inadvertence and no more than that."

The managing director of the publishers — the Illustrated Magazine Group—William Guy Alexander Waite, aged 72, of Colston Bassett Hall, Colston Bassett, Notts.; his fellow director, Michael James Ian Campbell, 44, of Fishpond Drive, The Park, Nottingham, and foreman printer Leonard Albert Sutton, 57, of Park Road, Loughborough, have denied three charges of conspiracy to defraud.

The company's accountant and auditor, Arthur Cyril Dewey, 54, of Victoria Road, West Bridgford, has denied two similar charges.

A new trial opened soon afterwards before Judge Denis Lloyd. It is expected to last between three and four weeks.

UK ninth in proportion of taxes to GNP

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TAXES of all kinds, and social security contributions, account for a smaller proportion of total national income than in half the other major industrialised countries.

An article in the December issue of the Central Statistical Office's *Economic Trends* published yesterday, compares levels of taxes and social security contributions in 16 countries.

The UK was placed ninth in 1977, when these taxes accounted for 40 per cent of gross national product at factor cost.

The Scandinavian and Benelux countries were higher in the list; Sweden came first with a 62 per cent share. At the opposite end was Japan, where taxes and social security contributions were equivalent to 25 per cent of GNP.

In 1970 the UK was in fourth place, as taxes then had a 43 per cent share of GNP.

Preliminary estimates for 1978, compiled on a different basis from the rest of the article, show little change in the UK's relative ranking.

Most countries showed a decline from 1970 to 1977 in the share of taxes and social security contributions raised through taxes on expenditure, and an increase in the share taken by taxes on income and by social security contributions.

In the UK taxes on expenditure fell from 43 per cent of the total to 39 per cent, while taxes on income rose only slightly to 42 per cent, and social security contributions increased from 14 to 19 per cent.

The annual supplement to *Economic Trends* was published yesterday. It brings together long runs of quarterly and annual data. Some 300 series are included.

The supplement shows, for example, that living standards measured by real personal disposable income, rose by nearly 130 per cent from 1948 to 1978.

New Greek contract for Appledore

BY OUR SHIPPING CORRESPONDENT

A. & P. APPLEDORE INTERNATIONAL has won another contract to manage a foreign shipyard. It has signed a seven-year contract to manage Argo Shipbuilders, part of the Greek Polemis Shipping group.

Argo Shipbuilders used to build ships for the Polemis group, but has been mothballed for the last year.

Under A. & P. Appledore International, Argo Shipbuilders plans to attack the international shipping market, and not rely on building ships for its owners.

It will concentrate on building small bulk-carriers and container ships of up to 5,000 dwt.

The yard has capacity to build two 5,000 dwt ships a year. It will employ about 200 workers. Mr. Frank Wiggers of Appledore will be the managing director.

This is Appledore's second management contract in Greece. Last year it was awarded management of the Neorion Shiprepair yard in Syros.

Last month the company was appointed managers of the Euroasia yard in Hong Kong, which is expected to start ship-repair work in April.

More small businesses ask for help

By John Elliott, Industrial Editor

A MARKED increase in the number of small businesses requiring help with their management and other problems was reported yesterday by the London Enterprise Agency.

Set up last April by nine industrial and financial companies to channel advice and help from large concerns to small businesses, the agency has handled inquiries from 600 small enterprises.

It has given specific help in 40 or 50 cases, ranging from advice on advertising campaigns to solving stock control problems.

It has helped large companies hive off unwanted subsidiaries to employees for development as independent businesses.

A conference is to be held by the agency at the London Business School next month to explore ways in which large companies can help small ones increase divestment of surplus technology and know-how by marrying up large companies' employees and small businesses.

The agency, administered by London Chamber of Commerce, is organising a series of one-day conferences in different parts of London

Gilmour set for European capitals tour

SIR IAN GILMOUR, Lord Privy Seal, is to embark on a tour of European capitals on Monday to seek support for a reduction in Britain's contribution to the EEC budget.

After the failure to reach agreement on the issue at the Dublin summit in November, the Government now hopes to prepare the basis for a settlement at a possible special summit meeting next month.

Ulster talks a trap for unionists, says Powell

THE ALL-PARTY talks on Ulster, which begin at Stormont next week, were a trap set for Unionists, Mr. Enoch Powell, the Ulster Unionist MP, said last night.

He told the Orange Lodge at Dundonald, Co. Down, that the trap had been laid by the Foreign Office, which for years had been hostile to the union of Great Britain and Northern Ireland. It was the force behind the talks, which would seek to destroy that unity.

The Government's desire to obtain maximum political agreement to changes in the present arrangements for governing Ulster was, in effect, a desire to achieve agreement with the Social Democratic Labour Party.

But Mr. Powell was convinced that any attempts to split Ulster from the UK would fail on the "granite rock of Ulster's unionist determination."

Call to abandon May Day holiday

THE PRIME MINISTER will be asked to abandon the May Day Bank Holiday introduced by the Labour Government and replace it with a holiday on St. George's Day (April 23) or the first Monday after.

Mr. Peter Bottomley, Tory MP for Woolwich West, will make the call in the Commons after the Christmas recess.

Sixth forms 'contaminate education'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

BRITAIN'S need to develop a technically trained workforce was being frustrated by the academic snobbery of the sixth-form tradition in schools, said Dr. Harry Judge, director of educational studies at Oxford University, yesterday.

"We will not have enough good engineers until the sixth-form idea . . . takes an honoured place in the educational museum," he told the North of England Education Conference in Durham.

Sixth forms were a channel through which the university attitude that "thinking is better than doing" washed back to contaminate the whole of secondary schooling.

"If secondary schools were more like primary schools, we should have fewer second-rate academic snobs and a more technically trained workforce," Dr. Judge declared.

North Sea lifts corporation tax

BY DAVID FREUD

CORPORATION TAX receipts are expected to hold up in the next financial year, in spite of the Government's gloomy forecast for industrial and commercial profits.

This means receipts should be in the £5bn range, compared with the £4.8bn budgeted for the current year, of which £2.5bn is mainstream corporation tax.

In 1980-81 a decline in receipts from the home industrial and commercial sector is expected to be counterbalanced by increasing profits from the North Sea as well as from the financial sector, which contributes about a quarter of corporation tax revenue.

Last year the Inland Revenue started work on a survey to discover how corporation tax affects different sectors of the economy. The survey should be completed in the spring.

Preliminary findings indicate that the sectors contribute more or less in line with their relative sizes. In the current year the manufacturing sector should pay about 40 per cent of the total, the financial sector about 25 per cent, with the distribution and retailing sector accounting for most of the remainder.

The Revenue has also been working on a new computer model for forecasting corporation tax receipts and estimating the effect of legislative changes.

The old model was based on simple aggregates, but this approach has become virtually useless because of the increasing importance of allowances and reliefs, such as capital allowances and stock relief.

Taking total profits and deducting total allowances would tend to underestimate tax revenue. Many of the allowances would not be used because, for instance, profits in individual cases are not large enough to absorb them.

With stock appreciation and investment reliefs set off against profits now totalling about £8bn a year — or close to the profits actually subjected to corporation tax — this has become a major problem. Corporation tax for 1977-78 was under-estimated by £760m for this reason.

A Revenue paper* released recently describes a new disaggregated model which provides much better results. In 1978-79, for instance, the forecast was out — over-estimated — by £240m.

The model takes a cross-section of specific companies to build up a picture of how the various allowances are spread across the economy.

Among the findings of the model are that about a third of companies do not generate enough mainstream corporation tax liability to set off their advance corporation tax payments.

The cost in terms of lost revenue to the Exchequer of changing the rules to bring ACT in the framework of the reliefs, as the Confederation of British Industry has been urging, would therefore be about £500m in the current year.

The new model is capable of handling stock relief and capital allowances, non-trading income, and the carrying forward and backwards of losses — this last element of relief is now running at about £1bn a year. But the model cannot handle group relief adequately.

This is because it can deal only with "pseudo-groups" of four companies in the same sector. Since companies generate stock appreciation and investment relief of £2bn through their group structure and a further £1bn of other reliefs, this is a major random factor in the forecast.

* *Corporation Tax Model. Available on request from the Inland Revenue Library, Somerset House, Strand, London WC2R 1LB, for 60p post-free.*

S. Wales steel layoffs to start

STEEL STRIKE

By Robin Reeves, Welsh Correspondent

FACED with virtually 100 per cent support for the national steel strike in Wales, the British Steel Corporation's Welsh division announced yesterday that laying-off of the remainder of its manual workers would begin next Wednesday.

This means that all three BSC tinplate works will close.

The move came as striking Welsh steel workers fanned out to picket steel stockholders and ports on both sides of the Bristol Channel.

There were unconfirmed reports of lorries being turned away from some stockholders. Others came to an agreement with local union leaders not to move BSC material.

The Welsh plant lay-offs will nominally affect 10,000 more of BSC's 48,000 employees, leaving only 6,000 management and office staff still at work.

But the bulk of the proposed lay-offs are among members of the Transport and General Workers' Union, second largest in the Welsh steel industry, who are anyway expected to join the dispute officially today.

The construction workers' union, UCATT, was instructed not to cross steelworkers' picket lines.

But though BSC was at a standstill, the four private-sector steelmakers in Wales, GKN at Cardiff and Brymbo; Alpha at Newport; and Duport at Llanelli were reported to be working normally.

The National Coal Board confirmed that it was arranging to stockpile coking coal at South Wales pitheads. Some 59,000 of the 170,000 tonnes produced there weekly is coking coal, of which half normally goes to BSC.

South Wales miners are due themselves effectively to join the stoppage on January 21 as part of a concerted bid to get BSC's threat of Welsh steel plant closures and increased coking coal imports lifted.

Addition of these two issues to pay in the steel strike will be pressed by Welsh union leaders at a meeting of the TUC Nationalised Industries Committee in London today.

The Wales TUC disclosed yesterday that Mrs. Margaret Thatcher had turned down its invitation to visit South Wales to discuss consequences of BSC's closure plans.

Road hauliers lay-off drivers

FINANCIAL TIMES REPORTER

THE ROAD HAULAGE industry has started to lay off some drivers as a result of the closure of steel plants.

The Road Haulage Association says that 25-30 per cent of hauliers depend partly or wholly on business from BSC.

Mrs. Brenda Siddall, Sheffield area secretary of the association, said yesterday that she knew of more than 60 haulage companies which had begun to lay off drivers, or planned to do so next week.

Mr. Peter Webb, South Wales area secretary, said: "About 30 per cent of our member-companies here are so dependent on BSC that they have already laid off."

BSC's Ebbw Vale works is served by 12 companies, nearly all of which have issued redundancy notices. The rest are seeking alternative work.

British Road Services, biggest carrier of steel by road, was not planning lay-offs, though it will assess loss of BSC trade today.

Steel continued to move normally through ports.

A 25,000-tonne cargo of iron ore is due to finish unloading at Immingham, Humberside today. The Iron and Steel Trades Confederation has told British Transport Docks Board, which owns the port, that it will allow enough ore to go by rail every day to BSC's Scunthorpe works to keep blast furnaces alight to maintain them in working order throughout the strike.

A shipload of BSC steel was exported from Immingham yesterday.

At Grimsby, ASLEF, the train-drivers' union, refused to move 24 wagons of imported steel unloaded at the docks.

The British Independent Steel Producers' Association said that a few of its 102 member-companies imported semi-finished steel billets, and they would look to other private companies to supply them instead.

Mr. Alec Mortimer, association director-general, said that the threat of picketing and blacking of private firms producing more than normal ought to persuade them not to agree to such new orders.

Shipbuilders warned

BY HAZEL DUFFY

BRITISH SHIPBUILDERS gave warning yesterday of the effect that a prolonged steel strike could have on the shipbuilding industry.

It had "probably got enough stocks for two to three weeks, but if it goes on any longer, obviously some of the yards would be hit."

Mr. George Arnold, chairman of the Confederation of Shipbuilding and Engineering Unions in the North-East and regional chairman of the TUC, said: "There is no doubt while we of the TUC and confederation side agree that the case that has been brought by the steelworkers is a very valid case, this is a very serious strike which will have a direct and quick adverse effect on shipbuilding."

Sir Richard Marsh, chairman of the British Iron and Steel Consumers' Council, said in a letter to Mr. Len Murray, TUC general secretary: "We are particularly concerned by the announcement of steps being taken here and overseas to obstruct normal steel imports.

"Some thing like 20 per cent of steel for consumption in this country is imported in the normal course of our members' operations. These imports are crucial to the activities of the steel-using industries."

Lorries 'vital to economic survival'

BY LYNTON McLAIN

NEW ROADS and by-passes are the only solutions to segregate lorries and people, claims the Freight Transport Association, who said anti-lorry groups were "pipe-dreaming" if they thought transferring freight to rail and water would solve the "lorry problem."

Industrial transport representatives were yesterday attacking solutions they claimed had been sent to the Armitage inquiry now studying the impact of the lorry on people and the environment.

Mr. Malcolm Banks, president of the FTA said: "The lorry may be a nuisance, but it is vital to economic survival and a limit exists to the extent the lorry can be constrained without wrecking the distribution systems on which all else depends."

Suggestions from environmental and amenity groups include transferring freight to rail and water where possible, higher taxes for lorries, compulsory transhipment centres on the edge of towns and bans on lorry movement.

Mr. Banks said: "These global solutions are at best a pipe-dream—at worst disastrous."

The proposed constraints, he claimed, would make industry and people suffer through higher distribution costs and lower service.

The association sent 88 pages of evidence supporting the use of lorries to the Armitage inquiry in November. Yesterday's conference was called "to counter some of the extreme proposals" to Armitage from anti-lorry groups.

Mr. Banks said the scope for transferring freight from road to rail is "very small" and also attacked the idea that lorries do not pay for the road damage they cause.

However, the FTA estimate—that lorries pay in tax almost half as much again as the road costs attributed to them—is not supported by official Transport Department figures.

These show that the £230m of excess tax for all goods vehicles is less than a third more than the road costs directly allocated to goods vehicles.

Unit trust investment boosted by gold

BY TIM DICKSON

WITH gold and oil dominating the headlines at the beginning of 1980, funds investing in gold, energy and other commodity stocks appropriately dominate the unit trust ratings for 1979.

The top ten trusts in the year were all invested in commodities while of the top 20 no less than 14 specialised in this area, according to the figures released yesterday by the magazine, Planned Savings.

Britannia Trust Management, with the first thre trusts, was the most conspicuously successful group during 1979—anyone who invested in Britannia Minerals or Britannia Gold and General on January 1 last year has more than doubled their money. Henderson and Schlesinger, with two non-commodity funds each in the top 20, also stand out.

Henderson Australian is one of the few overseas funds to do well in the past year. Funds invested outside Britain have proved to be the backmarkers, dragged down by the removal of the dollar premium and the weakness of the dollar against the strong oil backed pound.

Commodity funds have also done well over the longer terms but funds investing in smaller companies and recovery situations continue to hold up well with M and G Recovery leading the field over both the four and six year period.

Only 32 per cent of the funds managed to beat the All Share Index during 1979, against 60 per cent last year.

Banks will lift profits by 40 % —brokers

By Michael Lafferty

THE BIG FOUR London clearing banks are forecast to report a 40 per cent increase in 1979 pre-tax profits, according to Edinburgh stockbrokers Wood Mackenzie.

Such an increase would mean aggregate profits of £1.5bn. Wood Mackenzie is projecting that £1bn of this will come from domestic clearing banks operations, which implies that domestic bank profits will be up 72 per cent for 1979.

The outlook for 1980, according to the broking firm, is for an overall profits decline of 9 per cent, reflecting a decline in UK interest rates.

In 1979 base rates averaged 13.7 per cent. The average was 14.75 per cent in the second half of the year.

Move to speed tunnel traffic

WORK BEGINS later this month on a £2.25m Greater London Council scheme to replace the one-way system on the southern side of Rotherhithe Tunnel by a roundabout. About 4,000 vehicles an hour use the system in the peak period.

The roundabout, which will link Jamaica Road, Brunel Road, Lower Road and the tunnel, is designed to improve rush-hour conditions and provide for the extra traffic which will result from the redevelopment of the Surrey docks area. Pedestrian crossings will be provided in each approach road.

NEWS ANALYSIS ● NATIONS CO-OPERATE ON ANTI-TANK WEAPONS

European missile group may be among world's largest

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE FORMATION by the UK, France and West Germany this week of the new European guided weapons consortium, Euromissile Dynamics Group (EMDG), is expected eventually to result in one of the world's most powerful missile manufacturing organisations.

By bringing together, initially, the anti-tank guided weapons resources of British Aerospace's Dynamics Group, Aerospatiale's Engines Tactiques Division, and Messerschmitt-Bolkow-Blohm's Unternehmensbereich Apparate, EMDG will start life with a formidable reservoir of technological ability upon which to draw.

The three participating companies will retain their own individual identities, and continue to manufacture a wide range of independent weapons systems. But they will place at EMDG's disposal their capabilities in the anti-tank weapons field, and eventually probably also in other guided weapons areas—including, for example, work already being done jointly by the three companies on the Anti-Ship Euromissile (ASEM) programme.

2 missile group — page 6

The new group has several major objectives. One is to fulfil a long-standing desire on the part of major West European Governments for greater collaboration in weapons programmes, so as to spread the burden of costs and widen prospective markets. This has become especially important as the technological complexities, and resulting costs, of modern missile programmes have increased.

Second, the greater strength inherent in the new combine will enable Western Europe to meet more effectively the intensifying competition from the U.S. aerospace industry, which has long regarded Western Europe as a fruitful bunting ground for aircraft and missile contracts.

Third, the new group will go a long way towards removing one of NATO's long-standing worries—the excessive multiplicity of types of weapons, and especially anti-tank weapons, which not only wastes money, and design, development and manufacturing resources, but also creates the risk of severe transport and other problems on the battlefield in war-time.

NATO estimated recently that there were 20 or more anti-tank weapons either in service, under development or planned in Western Europe.

First task

The new organisation will aim to put this right. Its first task will be to develop a new "third-generation" of anti-tank weapons for medium- and long-range use that will replace in the late 1980s or early 1990s existing weapons such as the UK's Swingfire long-range weapon system and the Hot and Milan short-range weapons.

The new missiles will be used well into the next century, and will have to be very advanced, involving substantial development challenges in areas such as precision guidance systems. They will be costly, involving several hundred million pounds in research, design, development and production.

Each of the three major organisations participating in the new group has a long history of guided weapons development. Aerospatiale and MBB some years ago set up a joint company, Euromissile, to undertake development of short-range battlefield guided weapons including the Hot and Milan anti-tank missiles, and the Roland mobile anti-aircraft missile system. But both Aerospatiale and MBB also continue to make other guided weapons independently.

British Aerospace's Dynamics Group is already one of the biggest guided weapons manufacturers in the world, employing over 17,000 and with a sales turnover in 1979 of £340m, although this included satellite and space activities. At the end of 1979, BAe's Dynamics Group had a total order backlog of £980m, much of it missile work, and much also for export.

Among many major missile systems on which British Aerospace Dynamics Group is working include the Swingfire anti-tank weapon, the Rapier land-based anti-aircraft missile, the Sea Wolf anti-missile missile system, the Sea and Land Dart surface-to-air missiles, the new P3T air-to-surface missile, and the new SRAAM (short-range air-to-air missile) which is now under development.

The newly-formed trinational EMDG is called a "Groupement d'Interet Economique"—a type of organisation already used in Europe on international collaborative ventures. Euromissile is such a "Groupement," as is Airbus Industrie, which builds the Airbus.

EMDG is in effect a management organisation through which the three governments involved can channel contracts for missile programmes, and which will be responsible to the governments for controlling all the work on the new weapons systems.

Since it is being financed by the governments involved, EMDG will be expected to cover its costs, but not necessarily to make profits—although it will be encouraged to seek export orders, and any profits accruing from them will be welcomed.

Apart from a management team, it will not have factories or other facilities of its own, but will use the workers and other resources of the participating companies, who will be working on EMDG's behalf.

The next step is for EMDG to bring together a design team from the three companies to prepare detailed feasibility studies on the projected anti-tank weapons, to meet the varied requirements of the three governments. Thereafter, project definition will be undertaken, leading, it is hoped, to a go-ahead on firm ventures in the early to mid 1980s.

Spectrum

Early results are unlikely, for missile development is lengthy and complex. But eventually, not only can the three participating companies in EMDG expect substantial production work, but many other companies in a wide spectrum of other industries, including electronics, will become involved.

Ultimately, EMDG can be expected to grow. The three governments supporting the venture have already indicated their long-term intention of using it as a vehicle for further joint weapons programmes in the years ahead.

What these will be, apart from the Anti-Ship Euromissile (ASEM) already mentioned, remains to be seen, but it is already clear that the governments have taken a big step towards greater cohesion in European missile manufacturing.

Patrick Hutber dies after car crash

FINANCIAL TIMES REPORTER

Mr. Patrick Hutber, business editor and associate editor of Now! magazine, died yesterday as a result of injuries received in a car accident in London on Tuesday, December 18. He had been in a coma since the accident.

Mr. Hutber, who was 51, was one of the outstanding financial journalists of his generation. He combined a talent for unearthing news with a remarkable ability to present his views in a vigorous and articulate style. He also had a flair for identifying issues which had an importance and interest far beyond the financial community.

Mr. Patrick Hutber—a flair for recognising important issues and presenting them forcefully

Mr. Hutber took up his post at Now! in September when the magazine was launched by Sir James Goldsmith.

Previously he had been City Editor for 13 years on the Sunday Telegraph, where his pungent and idiosyncratic economic and business columns had a wide readership.

Mr. Hutber spent his early years, after coming down from Oxford, with the Financial Times, where he held a number of posts, including that of Commercial Editor and a member of the Lex team.

He won the Financial Journalist of the Year award in 1972.

Minister called into row over consumer protection burden

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A ROW has developed over a recent claim by a group of major companies that the cost to industry of complying with and enforcing consumer protection legislation could exceed £200m a year.

The National Consumer Council has written to Mrs. Sally Oppenheim, Minister for Consumer Affairs, suggesting that the alleged costs of consumer protection were "open to serious doubt."

The council has also asked the Economist Intelligence Unit, which carried out the study on behalf of the companies involved, for details of the methods used. It has strongly criticised the published findings and has listed a number of questions about the data collection and interpretation.

The report was prepared for a group of companies and organisations, including Marks and Spencer and the Confederation of British Industry, who called themselves the Commercial Legislation Monitoring Group.

They were concerned that the rapid growth of consumer protection legislation throughout the 1970s had imposed a costly burden on business.

The report suggested that the cost to industry of complying with consumer protection legislation was £100m in 1978, with a further cost of £50m for enforcing the legislation. It added that these might be underestimates and that the true cost could be more than £200m a year.

The unit said that it would reply directly to the points raised by the National Consumer Council. A spokesman for the group sponsoring the report said they were seeking a meeting with Mrs. Oppenheim to explain the findings in detail and to discuss recommendations.

These recommendations include a cost-benefit analysis and monitoring of any new consumer protection legislation.

Sainsbury re-launches price-cutting campaign

BY OUR CONSUMER AFFAIRS CORRESPONDENT

J. SAINSBURY yesterday re-launched the price-cutting promotional campaign it has operated with some success for the past two years.

The company announced that it would maintain the same level of across-the-board price cuts that it had implemented over the past two years with Discount '78 and '79. The new price-cutting campaign will be called Discount '80.

Sainsbury's says that its price-cutting campaign, which followed on Tesco's highly successful "Operation Check-out" campaign, has led to an increase in volume sales of 28 per cent. At the same time it's market share has jumped by about a third to stand at 11 per cent. Tesco's latest market share is about 13.5 per cent.

The Sainsbury's move suggests that, although supermarkets have been under pressure to ease the price competition of the past two years, because of the need to absorb rising costs, the level of competition in the High Street is as intense as ever.

Britain opens computer link

BY ELAINE WILLIAMS

A COMPUTER library service which can be used, eventually, by anyone in the EEC has been successfully put into operation by the British Post Office.

It is a six-language computer "directory - inquiry" which details hundreds of sources of information available on various computers throughout the EEC. The information itself is accessible through DIANE—the Direct Information Access Network for Europe.

DIANE has eight computers storing 38 banks of information. Eventually it will bring together 23 computers having about 175 information banks.

Grim year forecast for air transport industry

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD air transport industry faces one of its toughest ever years in 1980. Soaring fuel costs and rising expenses in other directions, together with economic problems in many countries, are all likely to cut into airline profits.

Mr. Knut Hammarskjold, director-general of the International Air Transport Association (IATA), commenting on last year's record traffic of 745m passengers on scheduled services, said in Geneva this growth was unlikely to help the airlines' financial situation.

During 1979, the cost of fuel alone had doubled to 95 cents a U.S. gallon world-wide, and the only certainty for the coming year was that it would still go up, although perhaps at a slower rate.

One problem facing the airlines was that not all of the rise in fuel costs had been passed on to the passengers, because of government delays in approving fares increases.

One result was that the airlines' operating surplus, after interest payments, would be only about 1 per cent of revenues, against 2.4 per cent in the previous year.

"In these circumstances, continued reductions in fuel utilisation are imperative," said Mr. Hammarskjold. "The airlines have made savings of 10 to 15 per cent over the past few years through operational means, but have virtually exhausted these approaches.

"Governments must now make concerted efforts to shorten international air routes, and to improve air traffic control, so that further gains can be made.

"The IATA is approaching the International Energy Agency, the International Civil Aviation Organisation and key governments for their urgent support and action in these respects."

Mr. Hammarskjold said another major problem outside the airlines' control was currency instability. "It disrupts traffic flows, as evidenced by the reversal on the North Atlantic in 1979, where U.S.-originating passengers actually declined in numbers and all the growth came from European travellers."

Mr. Hammarskjold said the airlines were looking again at the possibility of changing the basis of fare calculations, using, instead of the pound and the dollar, the Special Drawing Right of the International Monetary Fund, based on a "basket" of different currencies.

"There are enormous difficulties involved," he said, and a lot of time has been allowed to pass without concrete action. But it is hoped to introduce the SDR, subject to Government approvals, during 1981."

A third major factor hurting the airlines is "regulatory turbulence" — the widely varying nature of controls over civil aviation imposed by different countries. Hopefully, this should subside in the coming year, in the face of pressures from increasing costs, a deteriorating economic environment and congestion at airports and in the air.

Turnover soars on Stock Exchange

STOCK EXCHANGE turnover in 1979 improved in all sectors compared with the previous year. Turnover in gilt-edged amounted to £128.9bn, up by 23 per cent on the 1978 figure.

During 1979 a record £14.75bn of new Government stock was issued, and the Financial Times turnover index for Government securities recorded a monthly average of 454.8 against the previous year's 369.2.

Business in Ordinary shares increased by 25.5 per cent to a record £24.1bn, while turnover in All Securities in 1979 rose by £30.2bn, or 21.7 per cent, to £168.9bn.

The full figures for December will be published tomorrow.

More people fly to and from UK

By Our Aerospace Correspondent

AIR TRAFFIC to and from the UK continued to rise in November, with over 2.83m passengers passing through the 7 airports owned by the British Airports Authority, or 2 per cent more than in November, 1978.

For the 12 months to the end of November, the total traffic amounted to over 42.2m passengers, a gain of 7.8 per cent over the previous year.

Cancellations and diversions due to fog and French air traffic control problems caused a slight fall in the number of passengers moving through Heathrow in November, where total traffic was 1.95m.

But this was more than offset by a big gain of 9.9 per cent to 475,000 passengers moving through Gatwick.

APPOINTMENTS

New chief for Pentos Engineering

Mr. G. A. Hazard has been appointed chief executive of PENTOS ENGINEERING GROUP. He joints from UBM, where he was managing director of the group's glass division.

★

Mr. Charles M. Fisher has been appointed a director of the main board of SHARPE AND FISHER, retaining his position as managing director of John Sandford and Partners, the Group's DIY subsidiary.

★

Mr. D. Brooke-Hitching has become chairman of THE CARDINAL INVESTMENT TRUST following the resignation of Mr. R. H. Wethered, who remains a director.

★

Mr. Les Ball and Mr. Ian Campbell-Gray hava been appointed life directors of WILLIS FABER AND DUMAS. Mr. J. M. Burrough, Mr. A. G. Burton, Mr. D. W. Cloughton, Mr. R. J. Cox, Mr. G. F. Doe, Mr. J. F. Gardner, Mr. J. Harrington, Mr. A. W. Messenger, Mr. C. N. F. Methven, Mrs. M. S. Swage and Mr. R. J. Yates have been appointed directors. Mr. G. T. Parnell is appointed a director of Willis Faber (Construction), and Mr. J. A. J. Garrould a director of Hughes-Gibb and Co. the Willis Faber subsidiary specialising in livestock broking.

★

Mr. Michael J. Gibbs, deputy chief executive of the GATEWAY BUILDING SOCIETY, has been appointed a director.

★

Lord Seebohm has retired as chairman of FINANCE FOR INDUSTRY and is succeeded by Lord Caldecote. Lord Seebohm remains a director until the next annual meeting.

★

Mr. A. M. Brookes has been appointed assistant general manager (administrativa services); Mr. A. J. Frost assistant general manager (investments); and Mr. T. Pyne joint actuary at LONDON AND MANCHESTER ASSURANCE.

★

ST. DUNSTAN'S, the organisation for men and women blinded on service, has appointed Mr. W. C. Weisblatt, as secetary to the executive council and head of staff. Mr. E. V. Stevens has been appointed finance secretary.

★

Mr. M. J. Baxter, Mr. C. R. Fell, Mr. A. J. Hepher, Mr. P. S. Leeder and Mr. E. Morris have been appointed principal executives with J. AND A. SCRIMGEOUR, stockbrokers.

★

Mr. James Tyndale-Biscoe has been appointed an executive director of GEO. G. SANDEMAN SONS AND CO.

★

Mr. David A. Caruth, a partner in solicitors Linklaters and Paines, has become a non-executive director of MATTHEW HALL AND CO. Mr. Charles Watson has resigned as a director of Matthew Hall and Co., and as managing director of Holliday Hall and Co. Mr. Michael Holliday has been appointed managing director of Holliday Hall. Mr. Arthur Hoskins, group managing director, will become non-executive chairman of Holliday Hall.

★

Mr. J. Whitcroft has been appointed managing director of BARTON CONDUITS, Walsall, and Mr. D. C. Roper has been appointed deputy managing director.

★

Mr. E. W. Hoffstatter has been appointed to the Board of SHARPS, PIXLEY the bullion broking subsidiary of Kleinwort, Benson.

★

Mr. T. M. Curtis has been appointed to the UNITECH Board. Mr. Charles Arnold has resigned from the Board of Kleinwort Benson and is joining Unitech as director of finance.

★

Mr. William Davidson has been appointed secretary to the DELTA METAL COMPANY on the retirement of Mr. G. E. Shaddock.

★

Mr. W. P. Mackie, managing director of the Macfarlane subsidiary company A. and W. Fullarton, and Mr. J. A. Taylor, sales director of the Macfarlane subsidiary Daniel Montgomery and Son, have both joined the MACFARLANE GROUP Board.

★

Mr. G. H. Waddell, an executive director of JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY ("Johnnies"), has been appointed deputy chairman of both Johnnies and Rustenburg Platinum Mines. Mr. Waddell is an executive director of Anglo American Corporation of South Africa. Mr. F. J. L. Wells, currently an executive director of Johnnies, has been appointed senior executive director.

★

Mr. J. B. Williams has been appointed to the board of SELLECK NICHOLLS WILLIAMS (ECC) the leading building division subsidiary of English China Clays.

★

Changes among top management at D. D. LAMSON include: the former project director, Mr. David Brown, appointed systems sales director; Mr. Alan Sutcliffe, international marketing director, relinquishes sales to be free to investigate new markets and new product opportunities; commercial director Mr. Thomas Burt becomes operations director with responsibility for all contract management, installation and after-sales services throughout the UK; Mr. Robert Flood moves from export director to overseas director.

★

At C. E. HEATH AND CO (INTERNATIONAL) Mr. A. F. J. Bell and Mr. J. Percy-Davis are appointed directors. Mr. R. M. Chisholm and Mr. E. G. Rossdala are appointed associate directors and Mr. J. R. Houlder and Mr. D. Janes are appointed assistant directors.

★

Mr. R. A. Fenn is appointed an associate director and Mr. S. Bloom an assistant director of C. E. HEATH & CO. (MARINE). At C. E. HEATH & CO. (REINSURANCE BROKING) Mr. A. P. Murphy is appointed a director, Mr. D. Bowell and Mr. K. D. Hodgett are appointed associate directors and Mr. P. J. J. Foote is appointed an assistant director. Mr. T. C. Coster is appointed a director of C. E. HEATH & CO. (LONDON).

★

Mr. J. Murray has been appointed managing director of TWINLOCK in succession to Mr. B. J. Holland, who has resigned.

★

Sir David Scott-Barrett, has been appointed an executive director of ARBUTHNOT SECURITIES and its wholly owned subsidiary Arbuthnot Securities (C.I.). Sir David was formerly General Officer, Commanding and Commandant British Sector, Berlin, and subsequently commanded the Army in Scotland. He will be appointed marketing director of the unit trust group. Mr. R. C. Jeffrey has been made a director of ARBUTHNOT INSURANCE SERVICES.

★

Mr. Michael Perkins, sales manager of MOMMERSTEEG-BRAVURA TURF, has been appointed sales director.

★

The committee of LLOYD'S UNDERWRITERS' NON-MARINE ASSOCIATION for 1980 is: Mr. M. S. Freeman (chairman), Mr. J. R. S. Wace (deputy chairman), Mr. M. H. Cockell (honorary treasurer), Mr. R. Ballantyne, Mr. F. Barber, Mr. D. J. Barham, Mr. P. L. Foden-Pattinson, Mr. D. E. Harman, Mr. R. D. Hazell, Mr. R. A. G. Jackson, Mr. W. N. M. Lawrence, Mr. C. K. Murray, Mr. E. E. Nelson, Mr. H. R. Rokeby-Johnson, Mr. C. H. A. Skey, Mr. C. J. Smith, chairman and deputy chairmen of Lloyd's (ex officio).

★

Mr. W. B. Albright, Mr. G. F. Ashford, Mr. S. T. Ellis, Mr. M. J. C. Hutton-Wilson and Mr. N. M. Peech, non-executive directors of ALBRIGHT & WILSON, all of whom are above normal retirement age, have retired. The directors will not be replaced as it has been decided that in future the Albright and Wilson Board will comprise only directors with executive responsibilities within the company or Tenneco, the parent company.

★

Mr. Ronald H. Wilson has been appointed chairman and manager of the ROTUNDA GROUP, a part of BICC Industrial Products. Mr. Geoffrey Davenport has rejoined ROTUNDA LTD. as his successor as director and general manager.

★

Mr. Stephen Macgowan has been appointed to the Board of TARMAC ROADSTONE (SOUTHERN). He will be the general manager and director responsible for the West Midlands area of the company. Mr. George Plant has been appointed deputy general manager of the West Midlands area.

★

C. ROWBOTHAM AND SONS (MANAGEMENT) has appointed Mr. Erik V. Bjornsgaard, as company secretary from January 1.

★

The MANCHESTER SHIP CANAL COMPANY state that Mr. R. J. F. Taylor, formerly an executive director of Ocean Transport and Trading has joined the company as general manager.

★

Mr. Charles E. Needham has been appointed chairman of COALITE GROUP in succession to Viscount Ward of Witley, who is retiring. Mr. Needham has been group managing director for the past five years and continues as chief executive.

★

Former insurance broker at Lloyds, Mr. Ian Monger, has been appointed general manager of AUTOGUARD, claimed to be Europe's largest extended warranty company. Mr. Monger comes to Autoguard from the broking firm of Oakeley Vaughan where he was associate director.

★

Mr. M. G. Barrow, director and manager of Jardine Matheson and Co. (Japan), has been appointed executive director on the JARDINE main Board. Mr. W. M. Courtauld, Mr. N. M. S. Rich and Mr. K. W. Young have been made assistant directors. Mr. R. J. O. Barton, Mr. J. C. Chan, Mr. P. J. Collins, Mr. R. J. Denning, Mr. J. M. Eades, Mr. R. G. Holloway, Mr. W. W. Y. Huang, Mr. P. A. C. Nevill, Mr. A. J. L. Nightingale and Mr. P. J. Paice have become general managers.

★

Upon his appointment as special economic adviser to the Bank of England, Mr. John Flemming has tendered his resignation as a director of the GENERAL FUNDS INVESTMENT TRUST.

★

Mr. J. Geoffrey Hilton and Mr. T. Bruce Roberts have retired from the Board of the LEICESTER BUILDING SOCIETY.

★

On January 1 the "appointed day" by virtue of an Order made under Section 1 (1) of the Crown Agents Act, the CROWN AGENTS for Oversea Governments and Administrations came into existence as a body corporate. The following appointments have been made by Lord Carrington, the Foreign Secretary. Mr. S. A. W. Eburne (chairman), Mr. J. F. Goble (deputy chairman), Mr. P. W. Bulfield, Mr. A. C. Frood, Mr. K. J. Johnson, Sir Leslie Kirkley, Sir Gordon Mackay and Mr. D. Williams.

COMPANY NOTICES

RAND MINES, LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

PAYMENT OF COUPONS

With reference to the Notice of declaration of dividends advertised in the press on 11th December, 1979, the following information is published for the guidance of holders of share warrants to bearer of the undermentioned companies. The dividends were declared in South African currency and dividends payable from the offices of the Secretaries of the companies in the United Kingdom will be paid in United Kingdom currency on or after 1st February, 1980, against the relevant coupons at the London Bearer Reception Office, Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ, where listing forms may be obtained, or at Credit Lyonnais, 19, Boulevard des Italiens, 75002 Paris, for payment in French currency.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours 10 a.m. and 3 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent from the dividends payable in respect of share warrant coupons of the undermentioned companies. United Kingdom Income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deduction is made the net amount of the dividend will be as shown under:—

Name of Company (Each incorporated in the Republic of South Africa)	Durban Roodepoort Deep Limited Coupon No. 111		East Rand Proprietary Mines Limited Coupon No. 118	
Currency	S.A. Cents	U.K. Currency Equivalent Pence	S.A. Cents	U.K. Currency Equivalent Pence
Amount declared in S.A. currency per share	115	62.785330	90	49.13634
Less South African non-resident shareholders' tax of 15%	17.25	9.417795	13.5	7.37045
	97.75	53.367535	76.5	41.76589
Less U.K. Income tax at 15% (see note)		9.417795		7.37045
		43.949740		34.39544

Secretaries of the Companies in the United Kingdom:
Charter Consolidated Limited,
40, Holborn Viaduct, EC1P 1AJ.
3rd January, 1980.

NOTE: Both companies have been asked by the Commissioners of Inland Revenue to state:—
Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividends is allowable as a credit against the United Kingdom tax payable in respect of the dividends. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

THE THARSIS SULPHUR AND COPPER COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that an INTERIM DIVIDEND for the year ended 31st December, 1979, of 6p per Share on the Capital of the Company will be paid on and after 30th January, 1980, to Shareholders registered in the books of the Company at the close of business on 10th January, 1980, and to holders of Share Warrants to Bearer as indicated below.

Holders of Share Warrants to Bearer in Great Britain or Northern Ireland must arrange for Coupon No. 80 to be lodged either at the Registered Office of the Company in Glasgow, or at Bank of Scotland, Securities Department, P.O. Box 30, 55 Old Broad Street, London EC2P 2HL. Outwith the United Kingdom coupons may be lodged at any of the following offices:—
MM. Lazard Frères et Cie, 121 Bd. Haussmann, 75382 Paris, Cedex 08.
Banque Vernes et Commerciale de Paris S.A., 52 avenue Hoche, 75008 Paris.
Banque Générale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

The appropriate form for claiming the dividend on bearer coupons may be obtained at any of the above offices and it should be noted that coupon numbers no longer require to be listed on the form.

The dividend will be paid without deduction of United Kingdom Income tax in the following circumstances:—

REGISTERED SHARES
(a) Where dividend warrants are sent to Members at their registered addresses outwith the United Kingdom or to their appointed agents outwith the United Kingdom.
(b) Where specific authority has been received from the Inspector of Foreign Dividends to pay without such deduction.

BEARER SHARES
(a) Where coupons are presented for payment in Paris or Luxembourg.
(b) Where coupons are presented for payment in the United Kingdom accompanied by the appropriate non-resident declaration forms.

Other dividend payments will be subject to a deduction for United Kingdom income tax at the rate of 30%.

The Board of Tharsis announce that in view of the very small percentage of the share capital now represented by share warrants to bearer it will be their intention in due course to take steps to require the compulsory conversion of all outstanding share warrants to bearer to registered shares. Holders are therefore advised to lodge their share warrants to bearer for conversion at the earliest convenient opportunity with the existing depositaries.

By Order of the Board.
R. N. PETERS,
Secretary.

Registered Office:
136 West George Street,
Glasgow, G2 2HF.
4th January, 1980.

KONISHIROKU PHOTO INDUSTRY CO. LTD.

NOTICE TO EDR HOLDERS

Further to notice of October 10, 1979 the Board of Directors of the above company has resolved that the Interim dividend for the period April 21, 1979 to April 20, 1980 shall be at the rate of Yen 3.75 per share and will be effected on or after January 19, 1980. A further announcement will be made as soon as practicable after receipt of the dividend by the Depositary stating the procedure to be followed for obtaining payment thereof.

EDR holders are further informed that copies of the 1979 Annual Report of Konishiroku Photo Industry Co. Ltd. are available at the offices of the Depositary, Woolgate House, Coleman Street, London EC2P 2HD, and of the Depositary's Agent, Chase Manhattan Bank Luxembourg S.A., 47, Boulevard Royal, Luxembourg. Copies are also available at the office of the Paying Agent, Kredietbank S.A. Luxembourgeoise, 37 rue Notre-Dame, Luxembourg.

The Chase Manhattan Bank, N.A.
London, as Depositary

SAVE & PROSPER FINANCIAL SECURITIES FUND

Coupon 117 falls due for repayment on 15th January, 1980, at a rate of 1.09p per Financial Securities Fund unit. Coupons should be presented to the Royal Bank of Scotland Limited, Lombard Street Office, P.O. Box 412, 62, Lombard Street, London EC3P 3OE, from whom listing forms can be obtained. Coupons must be lodged by an authorised depositary and left three days for examination.

PORTUGUESE GOVERNMENT 3% EXTERNAL DEBT 1902

In accordance with the Law of the 14th May, 1902, and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st January, 1980, have been effected by the Junta do Credito Publico in Lisbon as follows:—

1st Series Bonds

Purchases in the market consisted of 1 bond of £20.00 and 7 bonds of £100.00 each, totalling £720.00. The Balance of the instalment was made up by the drawing in Lisbon of 1,050 bonds of £20.00 each and 230 bonds of £100.00 each, totalling £44,000.00.

2nd Series Bonds

The entire instalment has been met by purchases in the market of 254 bonds of £19.18s.—d. each, totalling £5,054.12s.—d. (Decimal equivalent £5,054.60).

3rd Series Bonds

[illegible]

UK/USA GULF WESTBOUND RATE AGREEMENT

NOTICE TO SHIPPERS AND CONSIGNEES
INLAND RATES AND CHARGES IN ENGLAND, SCOTLAND AND WALES

[illegible]

ATLANTIC CARGO SERVICES AB.
CONTI LINE.
GULF EUROPE EXPRESS.
HAPAG-LLOYD AG.
THOS. AND JAS. HARRISON LTD.
LYKES BROS. S.S. CO. INC.
SEA-LAND SERVICE, INC.
UK/USA GULF WESTBOUND RATE AGREEMENT
Cunard Building, Liverpool L3 1EL.
January 1980.

CITY OF OSLO

7¼% 1972/1987 FF 100,000,000

[illegible]

Amount outstanding FF 80,000,000.-
The Principal Paying Agent
KREDIETBANK S.A. Luxembourgeoise.
Luxembourg, January 4, 1980.

CARCLO ENGINEERING GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Register of the Ordinary Shares will be closed at 5 p.m. on the 10th January, 1980, for the preparation of [illegible].

By Order of the Board.
E. CUERDEN, Secretary.
Hightown Road,
Cleckheaton.
4th January, 1980.

MEMORIAL SERVICE

FRANK ARDEN

A Memorial Service will be held in St. Andrew's Church, Kirton Lindsey, Lincs., on Tuesday, 8th January, 1980, at 2 p.m.

APPOINTMENTS

Marketing & Sales Director

for a British company which forms part of a major international group. Sales of £12m emanate from products for the building and furniture industries. Substantial capital is being injected to increase the production capacity.

- THE TASK is to evolve a marketing and sales strategy aimed at doubling sales by the mid 80s, increasing the market share, and the introduction of new products and business opportunities. Success could result in a general management appointment within two years.
- THE REQUIREMENT is for a senior International Sales and Marketing Executive who is well versed and has a successful record in marketing products to manufacturers, merchants and consumers.
- REMUNERATION is for discussion in the region of £20,000.

Write in complete confidence
to C.A. Riley as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON WIN 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

COMPANY NOTICE

VECTIS STONE GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Ordinary Share Transfer Books will be closed from 5 pm on Friday, 25th January, 1980 and will re-open again on Wednesday, 30th January, 1980.

By Order of the Board,
A. H. BIRCHALL, Secretary,
St. George's Down,
Blackwater,
Newport,
Isle of Wight PO30 3BX.
2nd January, 1980.

PUBLIC NOTICE

PLYMOUTH CITY COUNCIL BILLS

£0.5m issued 2nd January at 15⅝%. Due 2nd April, 1980. Total applications £5.25m. Bills outstanding £0.5m.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
JEAN PEREAU LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis and Co., situated at 3/4 Bentinck Street, London, W1A 3BA, on Thursday, the 10th day of January, 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 17th day of December, 1979.
By Order of the Board,
A. M. RIFKIN, Director.

IN THE MATTER OF
THE COMPANIES ACT 1948
AND IN THE MATTER OF
R. J. LAKE AND COMPANY LIMITED

NOTICE IS HEREBY GIVEN pursuant to section 299 of the Companies Act 1948 that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at Room 33 (First Floor), Clifford's Inn, Fetter Lane, EC4, in the City of London on Monday the 5th day of February, 1980 at 10.30 a.m. to be followed at 11.00 a.m. by a GENERAL MEETING of the CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

DATED this 27th day of December, 1979.
R. E. FLOYD.
Liquidator.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest range of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

CONTRACTS AND TENDERS

Lembaga Letrik Negara Tanah Melayu

National Electricity Board of the States of Malaya
Bersia and Kenering Hydro-Electric Project
Electrical Equipment

TENDERS ARE INVITED FROM MANUFACTURERS FOR THE FOLLOWING:

CONTRACT No. 5734/23
ANCILLARY ELECTRICAL EQUIPMENT

This contract comprises the supply, delivery and erection of the following:

Package A: Bersia

1. Five (5) 12 kV, 2000A, 50Hz, 500 MVA, 95 kV BIL minimum oil, air blast or single pressure SF_6 type electrically operated circuit breakers housed in sheet metal enclosed cubicles for controlling generators and power transformers.
2. Three (3) 12 kV circuit breakers as in item 1 but rated 630A.
3. Three (3) 11000/110V, 3 phase 50 Hz potential transformer cubicles.
4. Three (3) 12 kV surge diverter cubicles.
5. Two (2) 12 kV 2000A motor operated disconnect switch cubicles.
6. Three (3) sets of 12 kV, 2000A isolated phase bus assemblies for indoor and outdoor application.
7. Three (3), 11000/415V, 3 phase 50Hz, 500kVA, natural oil cooled transformers.
8. Eight (8), LV distribution boards.
9. Two (2) sets of 110V, 540 AH lead acid batteries with battery chargers.
10. Two (2) dc distribution boards and panels.

Package A: Kenering

1. Three (3) 12 kV 3000A, 50Hz, 750MVA, 95kV BIL minimum oil, air blast or single pressure SF_6 type electrically operated generator circuit breakers housed in sheet metal enclosed cubicles.
2. Three (3) 12 kV circuit breakers as in item 1, but rated 630A.
3. Three (3) 11000/110V, 3 phase, 50Hz potential transformer cubicles.
4. Three (3) 12 kV surge diverter cubicles.
5. Three (3) sets of 12 kV, 3000A isolated phase bus assemblies for indoor and outdoor application.
6. Three (3) 11000/415V, 3 phase, 50Hz, 500kVA natural oil cooled transformers.
7. Eight (8) LV distribution boards.
8. Two (2) sets of 110V, 540 AH lead acid batteries with battery chargers.
9. Two (2) dc distribution boards and panels.

Last date for receipt of application: 1 Feb./80
Document Issue: About 1 Mar./80
Tender Due: About 1 July/80

Tenders will be accepted for each Contract Package separately.

CONTRACT No. 5734/28
REMOTE SUPERVISORY CONTROL EQUIPMENT

This contract comprises the supply, delivery and erection of the following:

Remote Supervisory Control and Data Acquisition system for the remote control of Bersia and Kenering Hydro Electric power stations from the Temengor Power Station comprising:
—One computer based master station at Temengor.
—One microprocessor controlled remote station at Bersia.
—One microprocessor controlled remote station at Kenering.
—Provision of all necessary hardware and software for man-machine interface, control benchboard, programming facilities, etc.
—Provision, as an option, of software packages and additional hardware for the cascade control of Temengor, Bersia and Kenering power stations.
—Provision of uninterrupted power supply equipment.

Last date for receipt of application: 1 Feb./80
Document Issue: About 1 May/80
Tenders Due: About 1 Sept./80

Tenderers shall be manufacturers or consortia of manufacturers of the items described and should have had previous experience in the design, manufacture and installation of equipment having the characteristics described. Full details of manufacturers' experience and their technical and financial competence must be forwarded with their application not later than the dates listed for the receipt of application to:

Project Manager
Bersia and Kenering Hydro-Electric Project
The Shawinigan Engineering Company Limited
620 Dorchester Blvd. West
Montreal, Quebec, Canada H3B 1N8

with copy to:

Project Engineer
Bersia and Kenering Hydro-Electric Project
Hydro Electric Division
4th Floor, National Electricity Board
129 Jalan Bangsar
P.O. Box 1003
Kuala Lumpur, Malaysia

accompanied by a documentation fee of US$250, International Bank Draft or Money Order, payable to LEMBAGA LETRIK NEGARA TANAH MELAYU.

Tender Documents will be issued by:
The Shawinigan Engineering Company Limited
Montreal

The document fee will be refunded only to applicants not issued the tender documents.

Tenders shall be delivered at the head office of LEMBAGA LETRIK NEGARA TANAH MELAYU, 129 Jalan Bangsar, Kuala Lumpur, Malaysia. The exact date and place for submission of tenders will be specified in the tender documents.

LEMBAGA LETRIK NEGARA is not bound to accept any application or to accept the lowest or any tender. LEMBAGA LETRIK NEGARA is not liable for costs incurred by tenderers in preparing tenders.

UK NEWS—LABOUR

ACAS backs off hotel recognition decision

BY ALAN PIKE, LABOUR CORRESPONDENT

THE ADVISORY, Conciliation and Arbitration Service appears unlikely to make a recommendation in a recognition dispute which has led to a widespread trade union boycott of Scarborough.

Officials of the General and Municipal Workers Union have been mounting a vigorous campaign to persuade unions to withdraw their conferences from Scarborough—one of the most popular venues in the North—because of a recognition battle it has been having with local hotels.

A GMWU recognition claim on behalf of members at the Crown Hotel was referred to ACAS. A draft report for the parties is being prepared. But it is understood that the Service has not yet had much success in ascertaining the opinions of the employees concerned, which it must do under the Employment Protection Act.

Whatever the outcome of the recognition claim, the GMWU campaign to persuade other unions to avoid Scarborough is meeting with considerable success.

Difficulties

The National Graphical Association, the Confederation of Shipbuilding and Engineering Unions, the Women's TUC and the Boilermakers' Society have all cancelled plans to visit the town this spring. In some cases unions may have to change the proposed dates of their conferences in order to find suitable accommodation in other towns.

Mr. Fred Cooper, GMWU national officer responsible for the hotel and catering industry, said: "This is not a case of us demanding recognition without members. We had a very substantial membership at the hotel concerned and we were still rejected.

"One of two other hotels in Scarborough has also demonstrated that it does not want to be the first to grant us recognition. We are saying that if his town is not prepared to recognise the trade union movement we should not hold our meetings there."

The Crown Hotel said yesterday: "I can say only that the matter is in the hands of ACAS."

ACAS has encountered a wide range of difficulties in processing recognition claims under the Employment Protection Act. If the Government's Employment Bill becomes law in its present form, the statutory recognition procedures will be abolished.

BL pay deal optimism

BY LORNE BARLING

AFTER NINE days of talks spread over two months, the BL management is cautiously optimistic that its 5 to 10 per cent pay offer, linked to a productivity deal, may be acceptable to the company's 90,000 workforce.

The offer, which includes a provision for increases of up to 10 per cent for skilled workers, was discussed yesterday by union and management negotiators at a resumed meeting near Warwick, which will continue today.

Much of the long negotiation has centred on detailed productivity proposals put forward by the company in an 85-page document, but it is understood that a number of sticking points on this were overcome yesterday.

The management said: "Now we need a decision on the total offer, rather than more argument about details. We are opimistic that such a decision may not be far off."

However, it is not clear whether the union negotiators will feel it necessary, if broad agreement is reached, to take the matter back to a meeting of senior shop stewards for ratification.

The negotiators originally demanded a 30 per cent index-linked increase, and talks were resumed yesterday after copies of the management document had been distributed to the workforce and studied by union officials.

The scope of the proposed changes has clearly worried negotiators, although the management claims they will not involve changes of principle in national agreements.

BL has made it clear that although it is prepared to look at details of its proposals — which would limit the powers of shop stewards on manning and the pace of work — it will not concede on the percentages offered.

After the recent ballot — which supported the Edwardes recovery plan—and the Robinson affair, there is little doubt that efforts are being made by both sides to avoid confrontation.

BL Cars' poor performance in the second half of last year, its continuing market decline and the need for Government funds, are also serving to temper the negotiations.

Job stress raised by monotony

BY OUR LABOUR STAFF

REPETIVE WORK may have effects on the general well-being of workers new to such jobs, as well as to their performance, personal mood and physical condition.

A study by Nottingham University Psychology Department, commissioned by the Department of Employment and published yesterday in the department's Gazette, shows that such adverse effects can be reduced by adjustment of individual workers over several months.

It is based on an examination of repetitive jobs in the East Midlands, mainly in the hosiery industry.

Compete

The study shows repetitiveness has "undoubtedly degraded work" for many people, and that the advent of microprocessor-based technology will have a profound effect on future production methods.

But although new technology will replace certain repetive work practices, some organisations will compete with it by further simplifying and rationalising.

● In a separate study on movement of graduates early in their careers the Gazette shows that manufacturing industry attracts few graduates from other sectors, and public administration seems to have taken most from the educational expansion in the 1960s.

Strike days lost fell sharply in November

BY PHILIP BASSETT, LABOUR STAFF

THE NUMBER of working days lost through strikes fell sharply again in November to the second lowest monthly total for 1979, according to provisional figures published yesterday by the Department of Employment.

But the low monthly total of 563,000 will not alter the overall total for the year as the highest since the General Strike in 1926.

Unusually, pay was not the largest principal cause of the stoppages beginning in November. Trade union matters, which usually rank well down in the Department's list of causes after pay and disciplinary measures, manning levels and work conditions, accounted for 46,700 of the 56,300 workers directly involved in stoppages following BL's dismissal of Mr. Derek Robinson, the Longbridge convenor.

The Department lists the Longbridge and other BL stoppages as the major strike action of the month, noting that at the height of the dispute, about 46,000 workers were involved either in action or by being laid off.

Other notable disputes included the first of four one-day strikes by 7,000 open-cast mineworkers and a 12-week stoppage over pay at two Scottish radar equipment manufacturing plants.

The total of 563,000 days lost was the lowest since May, when 482,000 days were lost. It was a marked drop from the figures for September and October, when more than 11.2m and 3.4m days were lost respectively at the height of the engineering industry dispute.

It brings the total number of working days lost through strikes in the first 11 months of the year to more than 27.7m, involving more than 4.3m workers, compared with 9.4m working days lost involving 1.04m workers during the whole of last year.

● The number of employees in manufacturing industry also fell sharply in October last year, from 7,085,600 in September to 7,055,000 in October. The number of employees in industries covered by the index of industrial production also fell from 9,043,800 in September to 9,015,800 in October.

In the week ended October 13, 1979 the estimated number of people working overtime in manufacturing industries was 1.7m, or about 33.7 per cent of all workers. Each worked an average of 8.6 hours overtime during the week, and the total number worked, seasonally adjusted, was 13.99m. In the same week, the estimated number on short-time in these industries was 85,600, each losing an average of 19.1 hours.

Banking claim talks start

NEGOTIATORS for the 12,500 strong Banking, Insurance and Finance Union in the English clearing banks met yesterday to draw up recommendations for this year's pay and conditions claim.

Although full details of the claim will not be made known until the union's executive meeting on January 9, there are strong indications that the claim will be for pay increases of at least 20 per cent.

The settlement date for the English clearing banks is April. More than 200,000 clerical, computer and managerial staff are affected by the settlements.

TUC sends out revised inter-union dispute code

BY GARETH GRIFFITHS, LABOUR STAFF

THE TUC yesterday sent out a revised code on inter-union disputes to affiliated trade union headquarters, incorporating changes in the rules passed by Congress last September.

The revision of the Bridlington rules, which have governed inter-union disputes since 1939 includes guidance over recruitment, recognition procedures of the Employment Act and mergers, including those with non-TUC affiliates such as staff associations.

A TUC boklet called Disputes Principles and Procedures has been sent out to union headquarters. It covers the changes made to the Bridlington rules by Congress on the advice of the TUC General Council.

The most significant change in the procedure outlined in the guide is an explanatory note to the principle on union recruitment in areas new to them. The aim, according to the General Council, is to encourage unions considering organising in new areas to make inquiries as to whether another union already has a presence and the extent of that presence.

A new feature of the revised Bridlington rules is guidance on mergers with non-affiliated organisations. Although the TUC retains its belief that to interfere in such mergers would be an infringment of trade union rights, it does call for member unions to consult with interested affiliates over proposed mergers.

The third important feature of the guide is a section on the recognition procedures of the Employment Protection Act. Affiliated unions should not invoke the Act's procedure on recognition without prior consultation, the guide says.

TUC officials argue they have made efforts over the past two years to deal with as many inter-union disputes as possible, with the emphasis being placed on conciliation rather than disputes committees. A large number of inter-union disputes last year were dealt with by the unions themselves, after advice from the TUC either on procedures or the issues involved. The TUC say there has been an encouraging reaction to conciliation from individual unions.

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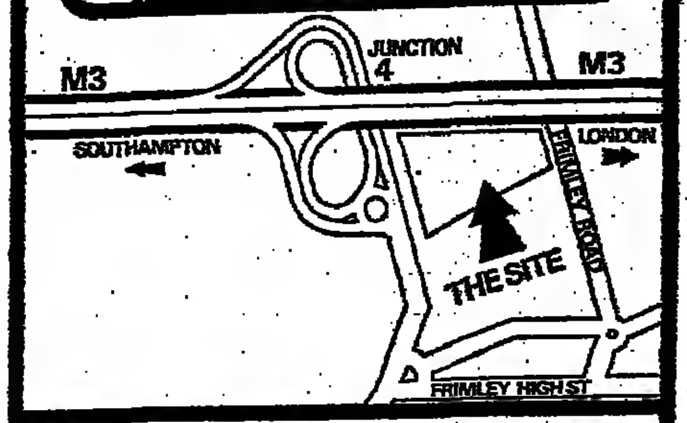

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MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

A road through the innovation maze

Geoffrey Owen and Christopher Lorenz examine two U.S. studies of product and process design in the motor industry and other sectors

EVER SINCE 1914, when Henry Ford introduced the moving assembly line, the big U.S. car manufacturers have been outstandingly successful in mechanising and automating their factories. In the production of engines and other major components, and to a lesser extent in final assembly, the number of man-hours needed for each unit of output has been steadily reduced.

Yet these same companies have been attacked, especially in the past few years, for the conservatism of their designs. According to their critics, the giant American companies have complacently continued to turn out the standard American car—powerful, luxurious, quiet—with only minor changes from year to year. Their response to competition from more inventive European and Japanese companies has been sluggish.

Some observers attributed the American reluctance to innovate to the structure of the industry; if General Motors had been broken up into several smaller companies, there would have been more competition and more innovation. But a different thesis is put forward by William Abernathy in his book: that the very high levels of productivity achieved by the American manufacturers are incompatible with frequent, radical innovation.

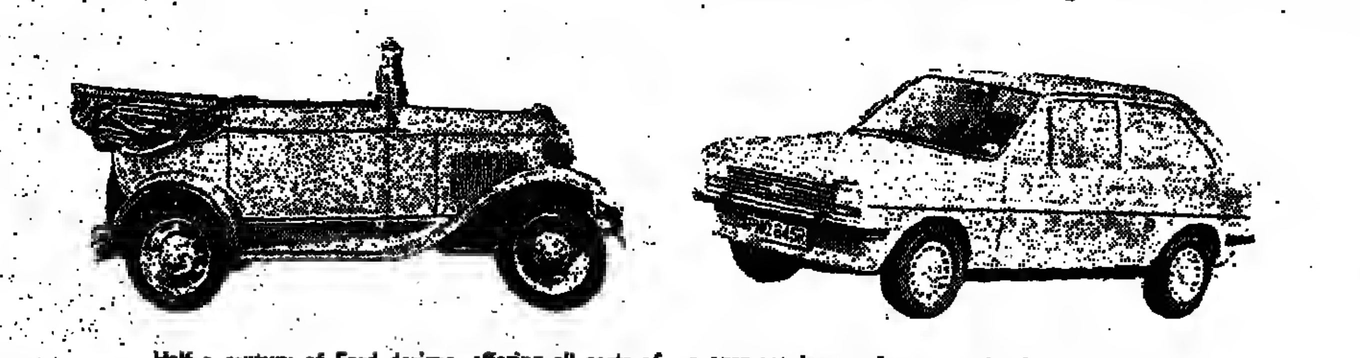
The development of mass production has come about through a series of process innovations, mostly incremental in nature, which were remarkably effective in reducing the price of cars but which limited the industry's flexibility. Since 1910, when there were 69 car manufacturers, each with its own design, the industry has moved, to use Mr. Abernathy's terminology, from the "fluid" to the "specific" state.

At the start, the car is made in small volume to customer order and major product change is frequent; the typical production unit is a jobbing shop with general purpose machinery. At the end the product is highly standardised, manufactured in large plants with sophisticated machinery designed for a particular process or function.

As this process takes place the incentive for a manufacturer to try something radically new diminishes. "Since 1915," says Mr. Abernathy, "when the mass automotive market emerged, firms have not been successful in gaining a lasting advantage through radical technological innovations." The marketing strategy laid down by Alfred Sloan for General Motors was that the company's cars should be "at least equal in design to the best of our competitors' grade, so that it was not necessary to lead in design or to run the risk of untried experiment."

When GM departed from this strategy in the early 1960s with the introduction of the Corvair (containing an aluminium air-cooled engine and other novelties), the results were disappointing — possibly because GM's Chevrolet division, steeped in the Sloan tradition, was unenthusiastic about a product which had been forced on it by the central management.

Innovations in process technology, where Ford has tended to be the leader, have included the development of the transfer-machine concept. This was introduced in 1932 with the V-8 engine, which became the industry's dominant design. Twenty years later a new level of automation was achieved in Ford's Cleveland plant, where the machining processes for each major engine component became one giant grouped operation which functioned as a single machine; for the first time direct labour costs were relegated below indirect and capital investment costs.



Half a century of Ford designs, offering all sorts of management lessons for companies in many industries. Before Ford could put the 1928 Model A into production, for example, it had to shut its plants for a year to redesign them completely, at a cost of $200m in today's values. The Fiesta epitomises its maker's subsequent experience at matching new product designs with efficient manufacture, but Ford is still searching for the ideal combination, in an ultimately "rational" car for world markets

Mr. Abernathy illustrates this theme with a detailed account of 20 automotive innovations, which provide the basis for a model of technological change which is generally applicable to a wide range of industries.

The degree of product standardisation is one of the main factors which distinguish a mature sector like automobiles from, say, the semiconductor industry, where frequent radical change, often coming from newcomers to the business, is the rule.

What makes this book especially interesting is the possibility that the American motor industry may now be reverting to a more "fluid" state. Rising oil prices, new Government regulations and the erosion of consumer purchasing power "have completely changed the environment for innovation," says the author; "tangible objectives for innovation which relate to new consumer needs are apparent and new technologies on which such innovations might be based, such as electronics and new propulsion systems that will consume less energy, are in the wings."

There is at least a possibility that foreign manufacturers will grasp these opportunities more quickly than the U.S. companies. But Mr. Abernathy points out that the cost of adjustment to the new demands will be very high and only large firms can afford it.

Yet it is not just a problem of cost. Experience shows that companies which are successful in making mass-produced standardised goods are not frequent sources of radically new products. The management challenge for the American industry is to adopt a different approach to innovation without losing its ability to manufacture a competitively-priced, high-quality product—and without going bankrupt in the process.

* *The productivity dilemma: roadblock to innovation in the automobile industry. By William J. Abernathy, Johns Hopkins University Press, Baltimore. $16.*

G.O.

BY THE time Henry Ford stopped producing his famous Model T in 1927, he had managed to cut its original price by 70 per cent, thanks in particular to his introduction of the moving assembly line.

Since the introduction of incandescent light bulbs, their cost has been cut by more than 80 per cent.

These are just two of the many examples cited by James Utterback of the Massachussetts Institute of Technology—and a close associate of William Abernathy — to ram home the frequently forgotten point that the improvement of manufacturing processes can be of enormous commercial importance.

Writing in a new study of "Technological Innovation for a Dynamic Economy"*, co-authored by 10 academics from MIT and elsewhere, Utterback suggests that, while considerable attention has been traditionally focussed on product innovation, an equal or even greater commercial significance can be attributed to process improvements.

Utterback also attacks an associated piece of conventional wisdom: that radical innovations are of greater economic significance than step-by-step or "incremental" improvements, whether in products or processes. Not so, he suggests: taken together a group of incremental innovations may be more important because of their relatively short-term impact.

Drawing on his research into a wide range of industrial sectors, Utterback succeeds in clarifying many of the more complex issues associated with the innovation process. Managers who are unsure about how to exploit improved or new technologies, such as the microprocessor, would do well to read him.

He is particularly illuminating on the dangers of getting "locked-in" to a rigid production process, as Ford did with his Model T; the introduction in 1927-28 of its successor, the Model A, was extraordinarily disruptive and expensive, in both financial and human terms.

Here are just a few of the points from Utterback's "dynamic model of product and process change." Some are apparently obvious, but all too often are ignored, to many a company's cost.

Initially, "competitive emphasis is . . . on functional product performance, later on product variation and finally on cost reduction. Innovation is at first stimulated by information on users' needs and even by users' technical inputs. As the product line and process develop, opportunities created by expanding internal technical capability increasingly provide the stimulus for innovation. Later, pressure to reduce cost and improve quality are expected to be the major stimuli for change.

"The initial product line is diverse, often being mainly custom designs. Innovative emphasis will begin to shift when it includes at least one product design stable enough to have significant production volume. The line of business will consist mostly of undifferentiated, standard products when it is fully developed.

"Production begins in a flexible and inefficient form, and major changes are easily accommodated. As volume expands, processes become more rigid, with changes occuring in major steps. Ultimately the production process assumes an efficient, capital-intensive, and rigid form, and the cost of changes is consequently high. General-purpose equipment, requiring highly skilled labour, will be used at first. Later, some subprocesses will be automated, creating 'islands of automation' linked by manual processes . . .

"As the line of business develops, location will also shift. Early plants will be small-scale and near users and sources of technology. Ultimately, plants will be large-scale, highly specific to particular products, and located to minimise materials, labour and transportation costs.

"In sum, small-scale units that are flexible and highly reliant on manual labour and craft skills using general-purpose equipment will develop into units that rely on automated, equipment-intensive, high-volume processes, which are highly productive but correspondingly less flexible.

"In this setting major product or process innovations will tend to be viewed as disruptive, and will tend to originate through invasion of the line of business by new entrants."

* *Edited by Christopher T. Hill and James M. Utterback; Pergamon Policy Studies; Pergamon Press, Headington Hill Hall, Oxford OX3 0BW, UK. Price $25 hardback, $10 paperback.*

C.L.

Tories boost top managers' morale

THE ELECTION of a Conservative Government has made Britain's top managers less inclined to move to jobs overseas, according to a survey published today. The same factor has also made them become more willing to work harder and take greater business risks.

The findings are drawn from over 200 top managers earning not less than £15,000 and, more typically, over £20,000. Not surprisingly, cuts in personal taxation have proved a morale booster and have been a significant factor in a continuing decline—which began in 1977—in the number of senior British executives willing to consider seeking a job overseas.

The survey was carried out by Business Development Consultants (International), the executive search subsidiary of Minet Holdings. Terence Hart Dyke, joint managing director of BDC, feels that the results of the survey show that motivation of Britain's top management has been "greatly improved" by the Conservative Government's policies.

"The changes in personal taxation have given a much needed boost to senior managers, whether it be motivating them in their present jobs or encouraging them to move to jobs within Britain which make fuller use of their talents," says Mr. Hart Dyke.

The survey shows that 62 per cent of those who responded felt that their attitude had become more positive as a result of the change of government and that, of these, over one-third were more willing to work harder and were more willing to move jobs for a greater challenge.

This is significant in relation to the situation just a few years ago when, according to several surveys made at that time, many top managers were unwilling to take on more responsible jobs, which could involve a move to another part of the UK, even for salary increases of up to £10,000.

Whereas in 1975 eight out of ten senior managers were in a mood to consider taking a job overseas, only one-third were so inclined in 1979. A big factor in the declining popularity of working abroad, according to Terence Hart Dyke, has been the difficulty of accumulating sufficient capital to make it worthwhile.

Mr. Hart Dyke says that those in the top earning brackets may have been able to accumulate between £50,000 and £100,000, but they find that the high cost of reintegrating into British society on their return—buying a house and endeavouring to maintain the living standard they have become used to—eats up all their savings within two or three years.

Certainly this assumption seems to be supported by the survey's finding that the Middle East—once seen as a top choice for a two- or three-year assignment in order to save capital—now finds very little favour.

There is also considerable anxiety about getting back into the mainstream of British business life. Among reasons given against working overseas the difficulty in getting a job on return is cited by nearly one in five managers—the next biggest factor after the change in government, which was cited by one in two.

Among the dwindling number of senior managers who would still consider working overseas, greater total rewards remains the biggest incentive, though only 33 per cent made this point, compared with 59 per cent in 1978. Higher living standards have also become more important—being cited by 20 per cent, compared with 14 per cent in 1978—and advantages for children, were given as a reason by 12 per cent, compared with just 1 per cent in the previous year.

GOVERNMENT POLICIES HAVING A POSITIVE INFLUENCE ON THE CHANGE OF ATTITUDE SHOWN

	Reducing public spending	Controlling unions	Reducing personal taxation	Other
Less willing to work abroad	12%	12%	38%	3%
Encouraged to work harder	13%	9%	29%	2%
More ready to take personal risks	7%	6%	27%	1%

This, says Terence Hart Dyke, indicates that the smaller numbers still considering a career abroad are looking more in the long term, rather than at the two to three-year money-raising stints.

Working Abroad, 1979. Price £10. Available from Business Development Consultants (International), 26 Dorset Street, London W1M 3FU.

Nicholas Leslie

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DATA PROCESSING

Micro devices get big power boost

AT THE turn of the decade it seems apt enough that Intel should reveal a further step in micro-chip design, extending overall microcomputer performance by more than 50 per cent.

In general terms the achievement means that stored programs and data in industrial/commercial systems ranging from word processors to scientific instruments can be accessed twice as fast and processed much more quickly.

An announcement direct from the company's Santa Clara headquarters describes two new devices. The 8086-2 is a 16 bit processor chip using an advanced version of metal oxide silicon technique called HMOS II. It raises the best previously available processing speed of 5 MHz up to 8 MHz, a 60 per cent increase. The second device is an erasable programmable read-only memory (EPROM), the 2732A, which reduces access time to 200 nanoseconds from the present industry standard of 450 ns.

Bearing in mind that a Megahertz (MHz) represents a million logical operations per second and a nanosecond is one thousand millionth of a second, clearly the power of the micro has been sharply increased yet again.

Intel believes that electrically programmable memory, in which ultraviolet light removes the stored data to allow new data to be entered will grow in importance still further because it allows changes to be made at equipment production levels without having to wait for production runs of masked permanent memory to meet a new requirement. Furthermore, the access time is only about one-fifth of values obtainable eight to ten years ago.

The memory speed increase will be welcomed because the previous 32k EPROM had an access time of 450 ns, which meant that in 16 bit microcomputer designs "wait" states had to be inserted in each program memory cycle. This will be unnecessary with the new processor and memory, even in very large systems with up to one megabyte of memory.

Intel emphasises that the 8086-2 processor is completely compatible with existing components and software support. Designs programmed in either PL/M 86 or in assembly language "are quickly being updated to the new CPU."

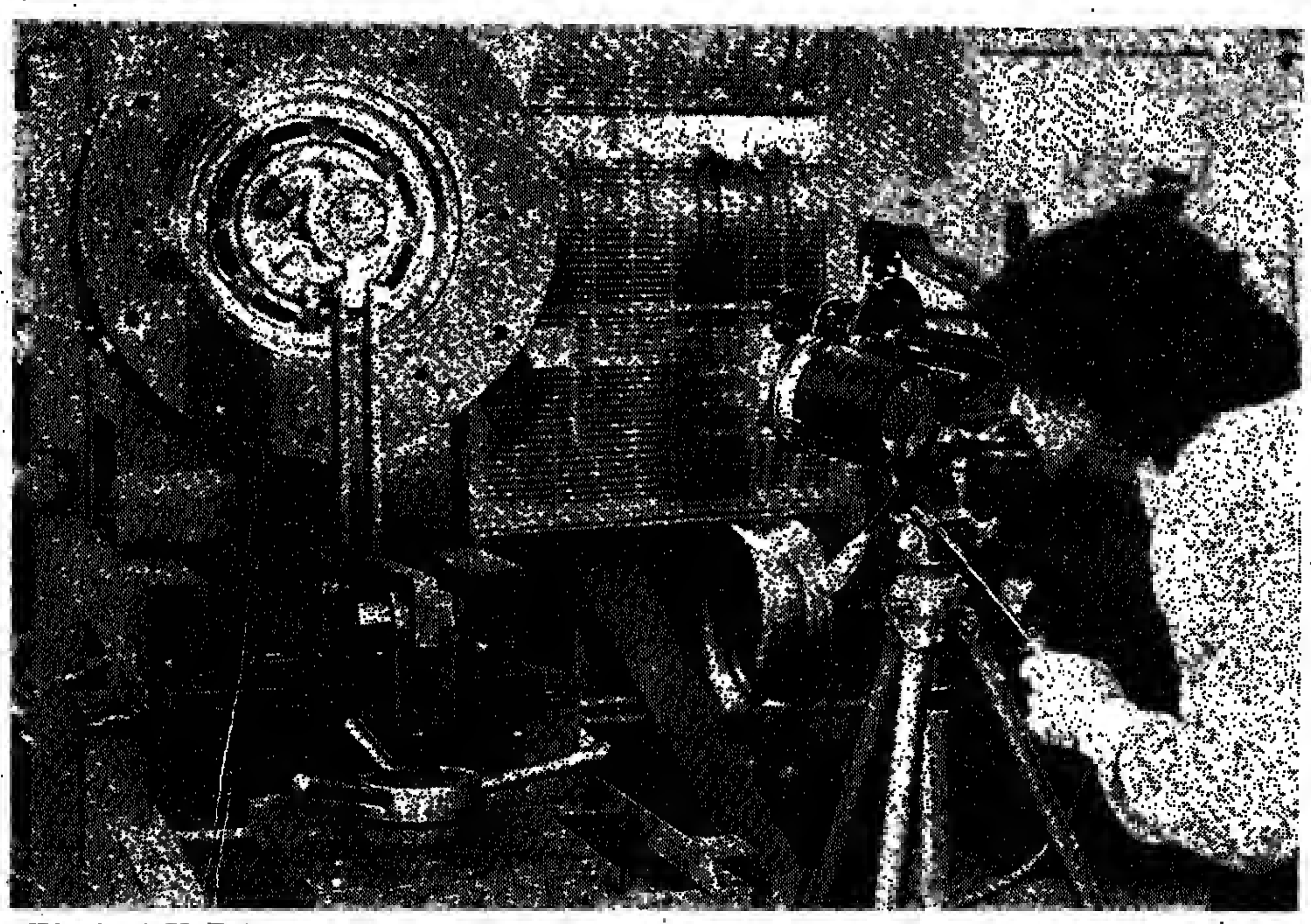
Intel has moved to a 28 pin package for the memory, and will attempt to make this a standard (it was first used for the 64k masked ROM). The next step in EPROM, 64k, can then be used on the same board to double capacity without serious circuit changes. The move, says Intel, "sets the stage" for packaging future 128, 256 "and even 512k bit devices."

Development has also enabled power consumption to be kept down in spite of increased density of transistors on the chip. Intel quotes a system with 8000 bytes of EPROM, 8000 of random access memory and an eight bit processor. The power in 1975 was 13 watts, today it is six. The chip count has dropped from 75 to 20.

Intel's HMOS technology, basically a scaling-down process accompanied by undisclosed technical improvements has resulted in a dramatic increase in density since its introduction in 1976. Extrapolation by Intel of growth curves indicates that about 5000 transistors/sq mm might be achieved by 1982.

Intel Corporation, 3065 Bowers Avenue, Santa Clara, California.

● RESEARCH



This rig at BL Technology's Canley engineering facility simulates the forces imposed on a vehicle road wheel during high-speed cornering. The wheel is coated with photoelastic material, so that stresses induced in the wheel show up as coloured fringes when viewed through a polariscope.

Stress seen before it is a problem

AS CAR manufacturers turn their attention to the development of better, safer and more economical cars, so a number of new design engineering techniques are being brought into play. One of these is photoelastic stress analysis—a powerful technique for analysing stress behaviour in components, until recently most closely associated with the aircraft industry.

One of the first automotive companies to apply this technique on a large scale is BL, which has facilities comparable with the best in Europe.

Based in Canley, Coventry, and operated as a service to companies in the BL Group by BL Technology, the facility is already playing an important role in the development of future vehicles, in establishing design criteria, extending component fatigue life, and reducing weight and cost.

It is one of a number of new design analysis techniques — including finite element modelling—being applied by BL in the early design stages of new vehicles. The main objective is the analysis and verification of designs before manufacturing procedures and machine tools are committed.

Photoelasticity is a visual technique for measuring stress distribution in parts and structures. At BL, the technique is being successfully applied to individual transmission and suspension components, body structures and gearboxes.

The technique is based on the fact that when certain transparent materials (notably plastics) are subjected to forces, the optical properties of the material change in proportion to the stresses developed. When viewed under polarised light, the resulting stresses are revealed as coloured fringe patterns. These patterns can be interpreted to give an overall picture of stress distribution in the material, and also highlight the magnitude and direction of the stresses.

BL is making wide use of photoelastic coating analysis techniques, where photoelastic material is cemented directly to the actual component or structure to be examined, using a reflective adhesive. Using a contouring technique, the plastic (usually between .010 and .125 inch thick) can be applied to virtually any component regardless of shape, size or material. Once the coating has hardened, it follows the deformation of the surface of the test piece, as a stress is applied, and the patterns are visible when viewed through a reflection polariscope.

An alternative photoelastic technique, suitable for large, complex structures such as cylinder blocks or pistons, involes making a two or three dimensional model of the structure. With a three dimensional model, using stress-freezing techniques, this method highlights essential information on the stress distribution actually inside the structure and so reveals any necessary design modifications long before expensive die machining is completed. BL will soon be using photoelastic modelling techniques to evaluate future engineering designs at an early stage.

Photoelasticity is used by BL to identify quickly and unarguably areas of high and low stress in prototype components and structures, enabling the designer to make changes such as removing sections, or changing fillets, to create the optimum stress distribution.

The technique immediately highlights those areas of high stress that would "work" too hard once the component entered service, and ultimately would determine the service life of the component. Because photoelastic stress analysis is a visual technique, it enables changes in stress distribution to be followed as a component's shape and design is changed, and material is added or removed. Often, the solution to problems of high stress regions lies in removing material from some region of the component or structure, rather than adding to it. This can bring significant incidental benefits, particularly in terms of reduced weight—an important factor in view of the trend towards lighter weight cars.

Once the stress distribution has been identified, the resulting information is used to determine the positioning of strain gauges during road load testing of the prototype vehicle.

● MATERIALS

Improving steel strip yields

NIPPON Steel Corporation of Tokyo, jointly with Hitachi, has developed a fully-automatic shape control technology for six-high rolling mills.

The new shape control method greatly improves strip flatness without the levelling process required in four-high mills and enables an increase in cold strip yield to nearly 100 per cent from the present 70-80 per cent yield of four-high mills.

This new approach is used in the two six-high rolling mills at Nippon Steel's Yawata Works which went on stream in November 1977 and February 1979, respectively. It is also applied in the six-high mill at Nippon Steel's Nagoya works.

While the four-high mill has two back-up rolls and two work rolls, the six-high mill has a pair of intermediate rolls between the back-up and work rolls. The intermediate rolls can be shifted in the axial direction. The shape meter measures changes in the capacitance of condensers, which results from changes in the distance between strip and condensers. These changes are analysed and the position of the intermediate rolls in the axial direction is automatically adjusted in response to such exception data.

● COMPONENTS

Seal for tough jobs

MANPOWER AND general industrial operating costs continue to soar and the problem of downtime is becoming ever more crucial to industrial viability. Often, a small component failure will cause a disproportionate expense in repair and loss of production.

Designers are constantly seeking components that can be left with no attention for long periods, enabling inspection or replacement to be made during routine maintenance, rather than at less convenient times. The effectiveness of dust seals and hydraulic seals is often critical to plant operation.

West Seals, a subsidiary of West and Sons, Mansfield Woodhouse, Nottinghamshire, has developed and patented a seal which has been shown by prolonged tests in a variety of industries, to outlast conventional units while being competitive in first cost. In many applications it offers a satisfactory answer to sealing problems where these were previously intractable.

During proving tests at Loughborough University, it was found to withstand static pressure in excess of 50,000 psi and surrounding metal parts became distorted before the seal failed. West seals, with the new design, do not mark shafts or leak and are recommended for use in rotary or reciprocating shafts operating in adverse conditions.

West Seals on 0602 701301.

LOMBARD

Who believes in Tory economics

BY PETER RIDDELL

AFTER eight months in office the Government does not seem to have convinced many people that its economic policies can or will succeed. There are, for a start, plenty of ministerial sceptics biding their time and the lack of enthusiasm in Whitehall is hardly disguised. Indeed the arrival of Professor Terry Burns as the Treasury's chief economic adviser has significantly increased—on one estimate by two-thirds to 2½—the number of officials who believe in the Government's strategy.

But perhaps the most striking change has been within the City. The markets are always the most fickle supporters of any Government, partly because their motivation and aims are inherently different. Some City commentators have been lukewarm about the Government's fiscal and monetary policy since last summer. The significant recent development has been the growing expression of doubt about the Government's ability to achieve its main objectives of reducing the inflation rate and of boosting growth through incentives. This scepticism has come mostly from specialist forecasters, and some monetary analysts, such as W. Greenwell and L. Messel, are still more hopeful about the Government's chances of success.

Limited signs

Those specialist forecasters who look beyond this year into the early-to-mid 1980s are—with the notable exception of the London Business School—agreed that the inflation rate will remain in double figures for the foreseeable future and that non-oil output will at best grow very slowly. This view has been put forward in a batch of New Year brokers' circulars from Phillips and Drew, Wood Mackenzie and Simon and Coates which have similar forecasting methods to those of the Treasury.

The key to all this gloom is pay since, as Phillips and Drew points out, its "somewhat depressing results hinge mainly upon the assumption of increases of 15 per cent a year in average earnings—a similar earnings outturn over the next five years to that experienced in the last ten." The problem with this view, which is widely held, is that it tends to assume that wages are fixed quite independently of other economic influences. Trade union bargaining power is naturally important but negotiators are not insensitive to what is going on around them.

Phillips and Drew faces this issue and notes that the rate of growth of the money supply does not have a simple and powerful restraining influence on pay bargaining. The brokers concede that a high exchange rate and strict monetary control will probably have some effect on earnings growth after 1981. But they do not believe that past evidence suggests that, in the absence of direct Government intervention, the average rate of earnings increase will be held below its long-term average in the period to 1985. This *may* be right but it is far too early to dismiss the view of the London Business School that competitive and market pressures will reduce the inflation rate over the medium-term.

In any event, the mainstream view is that any recovery in output after 1980-81 will be limited and that the restoration of incentives through tax cuts will be insufficient to produce a spontaneous upturn in investment or activity.

All this leads on, inexorably if somewhat predictably, to a discussion of when and how Government policy will bend. Intervention is first expected to reappear in the shape of increased industrial aid to specific industries and areas and then in the form of wider import controls, possibly followed by a formal pay policy.

This analysis seems to be too determinist; history seldom repeats itself exactly especially when the participants, notably Mrs. Thatcher, have been through earlier misadventures. The last word should perhaps go to Lord Gowrie, whose frankness rivals that of Mr. John Biffen. In reply to an onslaught on Government economic policy in the Lords from Lord Kaldor, he said he was "personally more confident of the Government's resisting formalised pay policies than I am of their ability to resist, by fair means or foul, some forms of import control."

The reluctant wives

AROUND BRITAIN

GLOUCESTERSHIRE

THE TOWN of Cheltenham and the city of Gloucester are like two elderly sisters who wave to each other out of the windows of nearby houses, but seldom venture across the meadow separating them. They like each other, but do not have much in common.

The stretch of green belt between Georgian Cheltenham and the ancient county town of Gloucester is a well-guarded preserve, by co-incidence accommodating the secrecy surrounded Government Communications Headquarters and the successful Dowty aero and mining equipment group.

These two establishments also dominate the region in terms of employment. Dowty with around 10,000 people and GCHQ perhaps the same, although no one is quite sure and is not encouraged to ask.

Dowty is in the midst of a large expansion programme, spending £10m at its nearby Ashchurch factory to cope with a major order from China for mining equipment. Other plants around the area are also being expanded, but on their own land, evading the prickly conservationists.

Like other employers in the area, Dowty is short of skilled workers and would employ 100 off the street at any given moment, but despite the rural attractions of Cheltenham and the Cotswolds, very few can be found.

Robot equipment, developed by Dowty with a Swiss company, is now being installed at two of its divisions. Although the labour shortages had only little to do with this development, it has unsuccessfully tried to attract engineering workers from the North East and Wales.

It appears that while a high proportion of men are attracted by the idea of moving to Cheltenham, which has plenty of housing, their wives are often unhappy at the prospect of pulling up their roots. More robots therefore seem likely.

GCHQ guardedly says it enjoys good relations with the council, pays a lot in rates and employs a large number of people. Despite its anonymity, it hopes it is regarded, in its quiet way, as an asset in the area.

Cheltenham's Member of Parliament, Mr. Charles Irving, takes the view that despite the town's architectural merit and fine position, no one should attempt to put a fence around it and stop development.

In fact the area has successfully attracted a great deal of investment in light engineering, and unemployment is lower than the national average. The Gloucestershire region (comprising mainly the two large towns) has just under 5 per cent of the working population out of work, about a point below that in either the South-West or the West Midlands. The even spread of job opportunities — from clerical and service occupations to skilled engineering — has largely contributed to this satisfactory position although the Manpower Services Commission is concerned at the shortage of skilled workers.

Like Dowty, it has had little success in attracting them to the area, despite its employment transfer scheme which offers cash incentives to cover the initial housing needs of anyone who chooses to move to Cheltenham or Gloucester.

"This really does show how parochial people are when it comes to jobs, but we believe it is also caused by the national shortage of skilled people" an MSC spokesman said.

However, it is clear that when major companies move offices to the area, a fair number of clerical and particularly managerial staffs transfer with them, indicating that the middle-class white-collar workers find the move to Gloucestershire more to their liking than do others.

The most recent breakdown of unemployment by occupation, provided by the Bristol Manpower Intelligence Unit, shows that there were 850 clerical and commercial workers out of jobs in September, against 150 vacancies. But in engineering crafts there were 240 unemployed and 310 vacancies, while 310 construction workers sought jobs with only 110 places to be filled.

The most worrying sector, as in the rest of the country, remains that of unskilled workers, with 1,400 people in the region out of work and only 50 vacancies.

Neither Cheltenham nor Gloucester is short of industrial development sites, although there is a complication — most of the best sites are actually in the borough of Tewkesbury, which borders closely on both towns.

Tewkesbury has three suitable areas for development — 100 acres at Ashchurch which has outline planning permission, 50-60 acres on an old airfield at Brockworth, which is earmarked under the county plan, and more on the outskirts of Cheltenham where planning permission is being negotiated.

But the most significant change for the two towns in the past decade has been the arrival of large administrative offices. Eagle Star came to Cheltenham in the late 1960s, and Barclays Bank recently set up its computer headquarters in Gloucester.

It was Gloucester, traditionally the more robust industrial area, which in fact needed a shot in the arm after the closure of the British Rail wagon works and the Gloster Aircraft Company in the 1960s.

However, this was offset somewhat by the arrival of ICI and Walls, which both set up factories at about the right time to avoid the worst of the unemployment problems.

Freddie Mansfield

Sir Robert Hunt, chairman of Dowty, pictured at the group's Gloucestershire headquarters with the shield-type mine roof supports which were part of an £80m order from China

Now the council is beginning to seek more investment in the area because it believes that government measures to encourage the sale of land by state organisations will provide more room for expansion. The Ministry of Defence and the Gas Board are both preparing to shed unwanted acreage in the near future.

Cheltenham, in its smarter, more relaxed way, has meanwhile survived the annual Literary Festival with its 1979 crop of noisy American poets, and the Christmas spending spree, which was not inconsiderable, since its shops are a cut above those in other towns and attract heavy rural custom.

Both towns exude self-confidence and prosperity, despite the dismal economic outlook, and with unemployment in nearby regions such as the Midlands now above the national average, one can only wonder what prevents those skilled workers from being a bit more persuasive with their wives.

Lorne Barling

Queen Mother scents victory

RACING

BY DARE WIGAN

ASSUMING THAT racing takes place at Sandown today (and it is almost certain to do so provided there has not been frost overnight) there are good prospects of a royal victory in the Mole Handicap Chase (3.00).

Admittedly, the Queen Mother's Isle of Man is not, at the age of 13, the horse that he was three or four years ago when he was one of the best two-mile chasers in the country. Nevertheless, he is still capable of going a fair bat, as he demonstrated at Windsor in November when he was runner-up to Rathgorman in the World-Wide Assurance Handicap Chase. I think that his quick and economic jumping is likely to confound his opponents here.

Fulke Walwyn, who trains Isle of Man, may land the two divisions of the Metropolitan Novices' Hurdle. In Div. 1 (1.00) he saddles Fauloon, who shaped well on his initial appearance over the minor obstacles when fourth behind Shane Hill here on November 30. A more confident selection, however, is Lopbole in Div. 2 of this event (3.30), for there was no mistaking the promise shown by this half-sister to Dramatist when runner-up to the smart Norfolk Arrow at Newbury six days earlier.

Pardon, who represents F. Winter's stable in preference to Sea Image, is my idea of the probable winner of the Cardinal Handicap Hurdle (2.30). Pardon, who has disappointed over fences so far this season, reverts to the minor obstacles; and, with M. Bastard, who is deputising more than adequately for the injured stable jockey J. Francome, claiming the 4 lbs allowance, he is not harshly treated with 11 stone 4 lbs.

Fjord, who has demonstrated his ability to stay the distance, and who is at home on soft ground, can carry a 6 lbs penalty to success in the Londesborough Handicap Chase (2.00). cap Chase (1.30).

1.00—Fauloon
1.30—Highland Drake
2.00—Fjord
2.30—Pardon*
3.00—Isle of Mann***
3.30—Loophole**

TV Radio

† Indicates programme in black and white

BBC 1

10.00 am What a Mess. 10.05 Jackanory. 10.20 Captain Caveman. 10.30 Why Don't You . . . ? 10.55 Magic Roundabout. 11.00 Mickey Mouse Club. 11.20 Greatest Heroes of the Bible. 12.45 pm News. 1.00 The Osmonds. 1.30 Mister Men. 1.45 Tennis: The Braniff Airways World Doubles Championships. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 One Cab's Family. 4.25 Jackanory. 4.40 The All New Popeye Show. 5.05 Johnny Ball Games.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Up A Gum Tree.
7.30 The Superstars.
8.30 My Wife Next Door.
9.00 News.
9.25 The Assassination Run.
10.15 Points of View (London and South East only).
†10.20 Lucille Ball in "The Lucy Show" (London and South East only).
10.45 Regional and National News.
10.50 Tennis:
11.30 The Late Film: "Pancho Villa."

All Regional programmes as BBC-1 except as follows:—

Wales—1.30-1.45 pm Syrcas Mistar Sam. 5.55-6.20 Wales Today. 7.00-7.30 Heddiw. 7.30-8.00 Antur I'r Andes. 8.00-8.30 Up A Gum Tree. 10.15-11.05 Music Makers. 11.05-11.06 News for Wales. 11.06-12.41 am Elvis: That's The Way It Is. 12.41 Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15-10.45 Book Now. 10.45-10.50 Regional and National News; Weather. 1.05 Close.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15-10.45 Gallery: C. S. Lewis Remembered. 10.45-10.50 Regional and National News; Weather. 1.05 Close.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) The East Anglians; Midlands (Birmingham) Midlands Tonight; North (Leeds) The Comics: (Arthur Lucan and Kitty McShane); North East (Newcastle) Mike On Friday; North West (Manchester) Unlucky For Some? South (Southampton) The Entertainers; South West (Plymouth) The Moving Line; West (Bristol) Journey Back.

BBC 2

11.00 am Play School.
3.55 pm Tennis: Braniff Airways World Doubles Championships.
†5.35 Flash Gordon Conquers the Universe.
5.55 Atoms for Enquiring Minds.
6.55 The Brothers Lionheart.
7.20 Evening News.
7.30 Cricket: Australia v England (highlights).
8.00 Quietly in Bulgaria.
8.30 In The Country.
9.00 Pot Black 80.
9.25 Pro-Celebrity Golf.
10.15 A Celebration for Stephane Grappelli (Part 2)
11.20 Late News.
11.35 Ian Drury and the Blockheads.
12.15 am Music at Night.

LONDON

9.30 am The Search for the Persian Royal Road. 10.20 "Evil Roy Slade," starring John Astin. 11.55 The Bubblies. 12.00 Song Book. 12.10 pm Once Upon a Time. 12.30 Simply Sewing. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 "El Dorado," starring John Wayne and Robert Mitchum. 4.15 The Flockton Flyer. 4.45 Magpie. 5.15 The Brady Bunch. 5.45 News. 6.00 Thames News. 6.30 Thames Sport.

7.00 The Muppet Show
7.30 3-2-1.
8.30 A Sharp Intake of Breath.
9.00 Best Sellers ("Beggarman, Thief").
10.00 News
10.30 Best Sellers ("Beggarman, Thief." continued).
11.15 Soap.
11.45 Chopper Squad.
12.45 am Close: Poetry with Cyril Luckham.

All IBA Regions as London except at the following times:—

ANGLIA

9.40 am Kiribati—Birth of a Nation. 10.30 Animated Classic. 11.40 Cartoon Time. 1.25 pm Anglia News. 2.00 Friday Matinee "Action in the North Atlantic" starring Humphrey Bogart, Raymond Massey and Alan Hale. 5.15 Bailey's Bird. 6.00 About Anglia. 11.15 Celebrity Concert. 12.15 am A Big Country. 12.45 Men Who Matter.

ATV

9.25 am Animated Classics. 10.15 Wilkie in Winter. 10.40 Cabbages and Kings. 11.05 The Outsiders. 1.20 pm ATV Newsdesk. 2.00 Movie Matinee: "A Town Like Alice," starring Virginia McKenna and Peter Finch. 4.10 Bugs Bunny. 5.15 Happy Days. 6.00 ATV Today. 11.45 Roger Whittaker

BORDER

10.00 am Solo One. 10.25 Friday Morning Movie: "Fear on Trial" starring George C. Scott. 1.20 pm Border News. 2.00 Friday Matinee: "A Tale of Two Cities" starring Dirk Bogarde. on Ice. 11.45 Border News Summary. 5.15 Bailey's Bird. 6.00 Lookaround Friday. 8.30 Barney Miller. 11.15 Stars

CHANNEL

1.20 pm Channel Lunchtime News and What is on Where. 2.00 Feature Film: "Only When I Larf." 5.15 Dynomutt the Dog Wonder. 6.00 Report at Six. 6.35 In Search of Anastasia. 11.15 Kaz. 12.10 am George Hamilton IV.

GRAMPIAN

9.25 am First Thing. 9.30 Lucan. 10.20 "The Crimson Pirate" starring Burt Lancaster and Eva Bartok. 1.20 pm Grampian News Headlines. 2.00 Feature Film: "The Four Feathers" starring John Clements, Ralph Richardson and C. Aubrey Smith. 5.15 The Electric Theatre Show. 6.00 Grampian Today. 6.05 England Their England. 6.35 Sportscall. 11.25 Reflections. 11.30 Police Woman, followed by road and ski report. 12.25 am High Steel. 12.40 Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Wild Canada. 11.15 Dick Tracy. 11.20 The Lost Islands. 11.45 The Magic Ball. 1.20 pm Granada Reports. 12.00 Friday Matinee: "A Tale of Two Cities," starring Dirk Bogarde and Dorothy Tutin. 5.15 Happy Days. 6.00 Granada Reports. 8.30 Kick Off. 11.15 Celebrity Concert. 12.10 am S.W.A.T.

HTV

9.35 am Kum Kum. 10.00 Survival. 10.30 Alice in Wonderland. 11.25 Stars on Ice. 11.50 The Animates. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 The Friday Matinee: "The Red Shoes," starring Moira Shearer and Anton Walbrook. 5.15 Makin' It. 6.00 Report West. 6.15 Report Wales. 11.15 Celebrity Concert (Charles Aznavour).

HTV Cymru/Wales. As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Ddydd. 6.00-6.15 Y Dydd. 6.30-7.00 Outlook Special.

HTV West. As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15 Report West. 6.30 Barney Miller.

SCOTTISH

9.30 am Kum Kum. 9.55 Wanted a Whale. 10.45 The Rolf Harris Show. 11.10 Logan's Run. 1.25 pm News and Road and Weather. 2.00 Sandringham Sydney and Company. 2.45 Film Matinee "Cyborg 2087" starring Michael Rennie and Wendell Corey. 5.15 University Challenge. 6.00 Scotland Today—John Toye. 6.30 Give Us a Clue. 11.15 Late Call. 11.20 Victor Borge in Concert Encore. 12.05 am Night Flight.

SOUTHERN

9.30 am Clue Club. 9.55 Untamed World. 10.20 Animated Classics. 11.10 Young Ramsay. 1.20 pm Southern News. 2.00 Houseparty. 2.30 "Perilous Voyage" starring William Shatner. 5.15 Mork and Mindy. 5.50 Day by Day. 6.00 Scene South East (South East area only). 6.30 Out of Town. 11.15 Southern News Extra. 11.20 Soap. 11.50 Celebrity Concert (Roger Whittaker).

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 Babel Yemen. 10.00 Kosciusko—The Cruel Country. 10.50 Canadian Celebrity Concert (Anne Murray). 11.50 Cartoon Time. 1.20 pm North East News and Lookaround. 2.00 "The Red Shoes" starring Moira Shearer and Anton Walbrook. 5.15 Laverne and Shirley. 6.00 Northern Life. 6.25 Sportstime. 7.00 Caught in the Act: Lindisfarne concert. 11.15 Paul Anka in Monte Carlo. 12.15 am "Cry of the Banshee" starring Vincent Price. 1.45 Epilogue.

ULSTER

10.25 am The Herbs. 10.35 Survival. 11.00 The New Avengers. 11.50 The Animates. 1.20 pm Ulster News Headlines. 4.22 Cartoon Time. 2.00 Feature Film: "A Tale of Two Cities" starring Dirk Bogarde, Dorothy Tutin and Cecil Parker. 4.13 Ulster News Headlines. 5.15 Bankers. 6.00 Ulster Television News. 6.05 The World of Wizards. 11.15 Celebrity Concert

WESTWARD

9.20 am Sesame Street. 10.20 Sugarspy. 11.10 Tarzan. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.00 Feature Film: "Only When I Larf" starring Richard Attenborough. 4.00 Cartoon Time. 5.15 Dynomutt the Dog Wonder. 6.00 Westward Diary. 6.30 The Weekend Show. 6.50 Just the Job. 10.28 Westward Late News. 11.15 Kaz. 12.10 am George Hamilton IV. 12.35 Faith for Life. 12.40 West Country Weather

RADIO 1

(S) Stereophonic broadcast
†† Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.0 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Cricket Australia v. England (report). 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 6.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn at the Boat Show (S). 6.45 Sports Desk. 7.02 Listen to Les (S). 7.30 Fiesta de Ooria. 8.02 Alan Tew conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Take Your Partners. 11.02 Brian Matthew with Round Midnight, including 12.00 News and 1.02. 2.02 am Cricket: Australia v. England (report). 2.03-5.00 You and the Night and the Music with Geoff Bennett (S).

RADIO 3

12.00-7.05 am Test Match Special: Australia v England. 7.05 Weather. 7.10 News. 7.15 Overture Concert, part 1 (S). 8.00 News 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Rossini (S). 10.00 Mozart and Walton, Violin and piano recital (S). 10.50 London Studio Strings (S). 11.25 Young Artists Recital of music from the 16th century (S). 12.15 pm Midday Concert part 1 (S). 1.00 News. 1.05 Midday Concert part 2 (S). 1.00 The Arts Worldwide. 2.00 Carl Michael Bellman: song recital (S). 2.35 Schwetzingen Festival 1979: Chamber music concert, part 1 (S). 3.10 In Short. 3.20 Schwetzingen Festival 1979 part 2 (S). 3.55 Comparing Notes (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.10 One pair of ears. 7.25 Play it again. 7.30 BBC Symphony Orchestra in Metz, part 1: Boulez (S). 8.00 Poetry Now. 8.20 BBC SO in Metz part 2: Schoenberg, Berg (S). 9.15 Fire in the Phoenix: Richard Mayne looks at the arts in West Germany since 1945. 10.20 English Consort Music (S). 11.00 Ormandy Conducts Rachmaninov (S). 11.55 News. 12.00-7.05 am Test Match

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30 8.30 News headlines. 7.45 Thought for the Day. 8.45 Lady into Fox. 9.00 News. 9.05 Desert Island Discs. 9.45 Enquire Within. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Little Woman. 11.00 News. 11.05 The Pink 'Un: A Look at "The Sporting Times." (S). 11.50 Bird of the Week (The Thrush). 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour from Manchester. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre. 4.10 The Poetry of G. K. Chesterton. 4.40 Preview. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Prefaces to Shakespeare "Twelfth Night." 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime: "Lord of the Flies." 11.15 The Financial World Tonight. 11.30 Common Land (talk by Dr. Patrick Nuttgens). 11.45 Just Before Midnight (S). 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,165

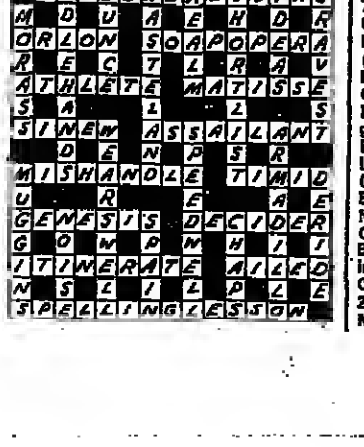
ACROSS

1 Contemptuous way to address gent returning tweed (6)
4 Got off a bright little edition (8)
10 Red vehicle belonging to me (7)
11 Throw oneself about skirt decoration (7)
12 Part of Bible arousing pity (4)
13 Colleague not easily moved to get married (6-4)
15 Able to win third-class prize with bar (6)
16 Old Bob gets summons to work with some seafood (7)
20 Height of figure in stone is about right (7)
21 Complaint about a maths problem (6)
24 Perhaps glad I bored the mob we used to belong to (3, 7)
26 Roughage of transport article (4)
28 Tell of possible demand after close poll (7)
29 New-fangled stripes go on against opposition (7)
30 Disturbance turns on article on southern resort (8)
31 Maid goes west in very small setting (6)

DOWN

1 Dismiss family from sporting contest (4, 4)
2 Pleasure seldom enjoyed by artist going back (4, 5)
3 A free way to dry (4)
5 Footballer Socialists support (4, 4)
6 Cold spots enjoyed by Christmas diners (5, 5)
7 Fashion Georgia finds in the Pacific (5)
8 Passes on the Spanish fuel (6)
9 Snappy trial by youth leader (5)
14 Notice finished transparent (3-7)
17 Different manner is needed or else . . . (9)
18 Born just above holiday resort (8)
19 Support agency bringing water to Scots loch (8)
22 Doctor right to quarrel the day after (6)
23 Fuss over beartless pit take over (5)
25 Month spent over alternative ornamental scheme (5)
27 Attraction Danish capital has not experienced (4)

Solution to Puzzle No. 4,164



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Wed 7.00: The Force of Destiny. Tomor 7pes & Thurs 7.30: A Night in Venice. 104 balcony seats avail from 10 am on day of perf. Booking now open for Feb.

COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 836 6903.) THE ROYAL OPERA. Ton't & Mon 7.30: La Traviata. Tomor 2.00 & Tue 7.30: DIE FLEDERMAUS (Amphi seats avail at all perfs.). THE ROYAL BALLET. Tomor 7.30: Swan Lake. Wed & Thur 7.30: Mayerling. 65 Amphi seats avail for all perfs. from 10 am on day of perf.

ROYAL FESTIVAL HALL. 01-928 3191. Evgs. 7.30. Mats. to Jan. 5 & Jan. 12 at 3 LONDON FESTIVAL BALLET in spectacular prodn. of Tchaikovsky's THE NUTCRACKER. Today Trupia, Johnson, Long. Tonight Evdokimova, Jelley, Hayworth.

THE ROUND HOUSE. 267 2564. Evgs. 7.30. Mats. (ex. 7 & 8 Jan.) 2.30 World Premier ton't. THE PIG ORGAN. A comic opera for all ages. Presented by the Royal Opera House in assoc. with the Opera Players.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Credit cards 837 3856 & 837 7505. Until Feb. 16 D'OYLY CARTE in GILBERT & SULLIVAN. Evgs. 7.30. Mats. Tomorrow & Wed. 2.30. Until Wed. 9: IOLANTHE. Thurs 7.30: HMS PINAFORE.

SADLER'S WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Sunday 7.30 Lehar's THE LAND OF SMILES (sung in German) Teresa Cahill, Kate Flowers, David Rendall, Robert Dean.

THEATRES

ADELPHI. CC. S. 01-836 7611. MY FAIR LADY. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thursdays at 3.00. TONY BRITTON, LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Book now Theatre and Agents. New Credit Card Hotline 01-836 7358.

ALBERY. S. From 9 am. 836 3878. Credit cards 379 6565. Group sales 379 6061. Evgs. 7.45. Thurs. and Sat. 4.30 and 8.00. OLIVER! GEORGE LAYTON, HELEN SHAPIRO.

ALDWYCH. S. CC. 836 6404. Info 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't 7.30., tomor 2.00 & 7.30 Moss Hart and George S. Kaufman's ONCE IN A LIFETIME. With: Pam Gems' PIAF (next perf 11 Jan). Now booking for THE GREEKS at the Aldwych from 10 Jan. RSC also at The Warehouse (see under W1.

AMBASSADORS. CC. 01-836 1171. Evgs. 8.0. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders.

APOLLO THEATRE. CC. 01-437 2663. Evgs. 8.00. Sats. 5.00 and 8.00. Mats. Thur. 3.00. IAN LAVENDER, TERENCE EDMOND, JULIA FOSTER in HAPPY BIRTHDAY. Last 2 weeks — must end Jan. 12.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. £4.00, £3.35, £1.60, plus 15p temp. members. Sat. £4.85, £3.85, £1.85.

ASTORIA. CC. 01-438 8031, 01-734 4291. 01-734 4360. BEATLEMANIA. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.45. Reduced rate Group bookings 01-437 3856.

BOULEVARD TH. at the Raymond Revuebar, Walkers Court, Brewer Street. CC. Tel. 01-437 2661. PAUL RAYMOND PRESENTS Queen of America's sex films MARILYN CHAMBERS. Exclusive British appearance. LIVE ON STAGE. Twice nightly. Mon.-Sat. 8.00 and 10.00 pm.

CAMBRIDGE. 01-836 6056. Credit cards accepted 01-836 7040. Mon. to Fri. 8.00. Thurs. 3.00. Sat. 5.00 and 8.30. THE HIT BROADWAY MUSICAL GREAT FAMILY ENTERTAINMENT. CHICAGO. Reduced prices for parties. 379 6061. 836 6056. Students. Nurses. OAP standby £1.50.

COLLEGIATE THEATRE. 01-387 9629. THE MAGIC CIRCLE SHOW featuring ZEE & CO. with Scorpion the LIVE leopard! Book Now! Jan. 1-5. 3.00 & 7.30.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mats. Fri. & Sat. 6.30. THE ROCKY HORROR SHOW. Group sales Box Office 01-378 6061. Freephone 2381.

CRITERION. 930 3216. CC bookings 379 6565. Group sales 379 6061. Evs. 8.00. Sat. 5.30, 8.30. Thur. mat. 3.00. HALF-PRICE PERFS. Mon. eve. Thurs. Mat. NEIL SIMON'S LAST OF THE RED HOT LOVERS. Lee Montague, Georgina Hale, Bridget Turner and Susan Engel.

DRURY LANE. CC. S. 01-836 8108. Evgs. 8.00. Mats. Wed. 3.00. Sat. 5.45, 8.45. CAROL CHANNING in "HELLO DOLLY!" Seats £4-£8. GROUP BOOKINGS 01-734 2203. Special prices students and OAPs.

DUCHESS. 01-836 8243. Mon. to Thurs. Eves. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA!

FORTUNE THEATRE. S. CC 01-836 2238. Mon.-Thurs. Evenings 8.00. Friday & Saturdays 5.30 & 8.30. JOHN BARRON, ANNETTE CROSBIE, GERALD FLOOD, STEVEN GRIVES, CAROL HAWKINS, MIRIAM KARLIN and KENNETH WILLIAMS in THE UNDERTAKING.

GARRICK. CC 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Half price previews from Jan. 17th. 1st Night Jan 23 at 7.00. Evgs. 8.0, Wed 3.0, Sat. 5.0 & 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in Peter Nichols' new play BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. CC. 858 7755. Evenings 8.00. Mat. Sat. 2.30. SHE STOOPS TO CONQUER by Oliver Goldsmith. Children ½ price all perfs.

HAYMARKET. CC 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. Gerald Harper, Kate O'Mara in The Sherlock Holmes Mystery THE CRUCIFER OF THE BLOOD by Paul Giovanni.

HER MAJESTY'S. CC. 01-930 6606. Eves 8.00. Weds. & Sat. 3.00 & 8.00. NICKY HENSON, TERENCE FRISBY, JOSEPHINE TEWSON, ANDREW ROBERTSON and DORA BRYAN in ROOKERY NOOK, the hilarious farce by BEN TRAVERS. Directed by FRANK DUNLOP. Children half price mats. Group Sales 01-379 6061 or Freephone 2381.

JEANNETTA COCHRANE TH. 01-242 7040. Last 3 perfs! Ton't 7.30 Tomor 2.30 & 7.30 TIN PAN ALL. Reductions for children. London's NEW Christmas musical.

KING'S HEAD. 01-226 1916. Dinner 7.00 Show 8.00. NASHVILLE, NEW YORK. Verse by Ogden Nash. Devised by Robert Cushman.

LYRIC HAMMERSMITH. 01-741 2311. Today & Tomor 2.30 & 7.30. Mon to Sat 7.30, mats Wed., Thur & Sat 2.30. ALADDIN by Sandy Wilson.

LYRIC STUDIO Tues. to Sun. 8.00. Sats. 5.30 and 8.30. CITY DELIGHTS. The first of a new series of Lyric reviews.

THEATRES

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Eves. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in MIDDLE AGE SPREAD. COMEDY OF THE YEAR WEST END THEATRE AWARDS.

MAYFAIR. 629 3036. Eves. 8. ALBERTO Y LOS TRIOS PARANOIAS in NEVER MIND THE BULLOCKS. A light-hearted look at the Black Death. Group Sales 379 6061.

MAYFAIR. S. 01-493 4031. Last week. Daily 10.30 am-2.00-4.00 pm SOOTY'S XMAS SHOW.

NATIONAL THEATRE. S. CC. 01-928 2252.
OLIVIER (open stage): Ton't. and Tomor. 7.30 RICHARD III by William Shakespeare.
LYTTELTON (proscenium stage): Ton't and Tomor 3.00 & 7.45 WHEN WE ARE MARRIED by J. B. Priestley.
COTTESLOE (small auditorium): From Tues 8.00 (prevs.) THE LONG VOYAGE HOME.
Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 01-928 2033. Credit card bookings 01-928 3052.

OLD VIC. 01-928 7616. CC bkgs. 01-261 1821 (until Jan. 19). Richard Goolden, Ian Talbot TOAD OF TOAD HALL. Today Tomor 2.30 & 6.45. Mon & Tues 8.30.

PALACE. CC. 01-437 6834. Mon., Thurs. 8.00. Fri., Sat. 6.00 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber. Group sales 01-379 6061 or Freephone 2381.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I also starring VIRGINIA McKENNA. HOTLINE—01-437 2055. Evenings 7.30 Mat. Wed. & Sat. 2.45. EXTRA MATINEES at 2.45 pm on Jan. 8, 10 and 17.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00, Wed. 3 Sat. 5.00 & 8.30. SUSAN HAMPSHIRE, PATRICK MOWER 2nd YEAR OF TOM STOPPARD'S NIGHT AND DAY. Directed by Peter Wood. BEST PLAY of the YEAR. Evening Standard Drama Award.

PICCADILLY. From 9.00 am 437 4506. CC bkgs. 836 1071. Evgs. 8.00 Thurs 5.00 and 8.00. Sat. 5.30 and 8.30. PETER BARKWORTH HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK? Last 7 weeks. Must end 16 Feb.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thur. & Sat. at 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES THEATRE. 930 8681. An evening with TOMMY STEELE and his Company. Evgs Mon.-Thurs. 8.30 Fri. and Sat. 6.00 and 8.30. Book now.

QUEEN'S THEATRE. S. CC. 01-734 1166. Group sales 01-379 6061 or Freephone 2381. Last Perfs Ton't 8. Tomor 5 & 8.15. JULIA McKENZIE, MAUREEN LIPMAN in a comedy by Richard Harris OUTSIDE EDGE.

RAYMOND REVUEBAR. CC 01-734 1593. At 7.00, 9.00, 11.00 pm. Opens Sun. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 22nd Sensational Year. Fully air-conditioned.

THE ROUND HOUSE. 267 2564. Until 14 Jan. Evgs. 7.30. Mats (exc. Mon & Tue) 2.30 THE PIG ORGAN. A comic opera for all ages. Presented by the Royal Opera House in assoc. with the Opera Players.

ROYALTY THEATRE 01-405 8004. Until January 12. Mat. perfs. at 2.00. Extra perfs. Thurs., Sat. 5.00. David Wood's family treat THE GINGERBREAD MAN starring BERNARD CRIBBINS. Easy parking. Restaurant with children's menu. Restaurant Reservations 405 2418.

ST. GEORGES THEATRE. S. 01-607 1128. Evgs. 7.30. Ton't and Tom. JULIUS CAESAR. Mon. to Wed. next AS YOU LIKE IT. From Jan. 15 at 7.00 subs. Evgs. 8. Sat. Mats 5. Elvi Hale, John Quentin in ON APPROVAL. Frederick Lonsdale's famous comedy. 24 hour bkg.

ST. MARTIN'S. Credit Cards. 836 1443. Evgs. 8.00. Tue. 2.45 Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 28th YEAR.

SAVOY THEATRE. 01-836 8888. CC. 836 8117 (Mon.-Fri 10-6). LESLIE PHILLIPS, JUNE WHITFIELD, SYLVIA SYMS and ANDREW SACHS. NOT NOW DARLING. Mon-Thurs. 8.00., Fri. and Sat. 5.45 and 8.45. Reduced price mats. on Fridays. Group booking 01-437 3856.

SHAFTESBURY. CC. 01-836 6596-7. Mons Sats. 2 pm and 8.45 am. GAYLE HUNNICUT JAMES VILLIERS in J. M. Barrie's PETER PAN. Seat prices £1.00 to £5. 01-379 6200. Hotline 10 am to 10 pm including Sunday TILL JAN. 12 ONLY. BOOK NOW.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis. GOOD SEATS AVAILABLE. £2.50 to £5.50. Credit Cards 01-836 4143. Group sales 379 6061 or Freephone 2381.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in JULIUS CAESAR tonight, tomor (mat) Jan 8. TWELFTH NIGHT tomor, Jan 11, 12 (mat). OTHELLO Jan 9, 16, 17 (mat). THE MERRY WIVES OF WINDSOR Jan 14, 18 (mat & eve). Recorded booking info (0789) 69191.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREAT NIGHT OUT. From 8.00. Dining and Dancing. 9.30 SUPER REVUE BUBBLY at 11.00. VINCE HILL From Mon.: THE BLACK ABBOTS.

VAUDEVILLE. 01-836 9988. Evgs 8.00. Sat. 5.30 and 8.30. Wed. Mat. 2.45. ALAN BATES in STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. Group Sales Box Office 01-379 6061 or Freephone 2381.

WAREHOUSE. Donmar Theatre. Covent Garden. Box Office 836 6808. S. Royal Shakespeare Company. Ton't 7.30. tomor 2.00 & 7.30 MUCH ADO ABOUT NOTHING. All seats £2.10. Students £1.10. Adv bkgs Aldwych.

WEMBLEY ARENA. 01-902 1234. Entirely new prodn. of the lavish HOLIDAY ON ICE. Ton't 6.30. Then Sats. 2, 5 & 8. Suns 3 & 6.30 (Jan 6 Mat All Seats Sold). Tues to Fri 7.45. Mat Wed 3. (No perfs Mons.) Children & Senior Cits. half price. Pay at doors. Ample parking.

WESTMINSTER. CC. S. 834 0283. Wkdys. 3.00 and 8.00. Sat. 2.30 and 5.30. The Musical Theatre Company in JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT by Tim Rice and Andrew Lloyd Webber. Starring Paul Jones. Nov. 1-Jan. 19 ONLY. Group Sales 01-379 6061.

WHITEHALL. CC. 01-930 6692-7765. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI. FIFTH GREAT YEAR. Reduced rate group bookings. 734 2295.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year.

WYNDHAM'S. From 9 am. 836 3028. CC. 379 6565. Evgs. 8.00. Wed. Mat. 3.00. Sats. 5.30 and 8.30. HALF-PRICE PERFS. Mon. 8.00. Wed. 3.00. Alec McCowen, Penelope Wilton in TISHOO.

THEATRES

WYNDHAM'S. Special 5-week season from 15 Jan. Royal Shakespeare Company in Pam Gems' PIAF.

YOUNG VIC. 928 6363. Ton't 7.30. THE HUNCHBACK OF NOTRE DAME. Phone for details of daytime children's shows. THE ANCIENT MARINER. THE GOLDEN RING (puppets).

CINEMAS

ABC 1 & 2. Shaftesbury Ave. 836 8861. Sep. Perfs. All seats bookable.
1. APOCALYPSE NOW (X). Wk. & Sun. 1.15, 4.30, 7.55. Late show tonight & Sat. 11.00.
2. APOCALYPSE NOW (X). Wk. & Sun. 2.15, 7.20.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube), 01-839 1527.
1. Anthony Quinn CARAVANS (A). Progs. 12.50, 3.00, 5.30, 8.05.
2. Peter O'Toole ZULU DAWN (A). Progs. 1.05, 3.15, 5.40, 8.05.
3. Sean Connery METEOR (A). Progs. 1.00, 2.50, 5.25, 8.00.

CLASSIC POLY. Oxford Circus (Upper Regent Street), 637 9863. Burt Lancaster ZULU DAWN (A). Progs. 2.40, 5.15, 7.55.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube).
1. Anthony Quinn CARAVANS (A). Progs. 2.00, 5.00, 8.00.
2. METEOR (A). Progs. 1.30, 3.45, 6.00, 8.15.
3. Woody Allen MANHATTAN (AA). Progs. 12.50, 2.50, 4.50, 6.50, 8.50.
4. J. R. R. Tolkien's THE LORD OF THE RINGS (A). Progs. 1.00, 3.25, 5.55, 8.25.
5. LOVE AT FIRST BITE (AA). Sep. perfs. Doors open 2.00, 5.00, 8.00.

CLASSIC. Leicester Square. 930 6915. GOLDEN LADY (X). FLESH GORDON (X). Progs. 12.50, 2.25, 4.05, 7.20.

CURZON. Curzon Street. W1. 499 3737. LEE REMICK in THE EUROPEANS (U). Progs. 2.00 (not Sun.), 4.00, 6.20, 8.40.

ODEON HAYMARKET. (930 2738-2771). Jill Clayburgh in Bertolucci's LA LUNA (X). Sep. perfs. Wks. 1.45, 5.05, 8.10. Sun. 4.30, 7.45. Late Night Show Fri. & Sat. 11.45.

ODEON LEICESTER SQUARE (930 6111). THE BLACK HOLE (A). Sep. progs. Dly. Doors Open 1.15, 4.30, 7.45. Special Sat. Morning Show 10.00 am. Late Night Show Thurs., Fri., Sat. Doors Open 11.15 pm. All seats bookable. Box Office or by Post. Except Sat. Morning Show 10.00 am.

ODEON MARBLE ARCH W2. 723 2011-2. YANKS (AA). Sep. perfs. Sun.-Fri. Drs. Open 3.15, 7.00. Sat. Drs. Open 1.00, 4.15, 7.10. Late Night Show Sat. 11.15 pm. Evening perf. and Weekends bookable in advance.

PRINCE CHARLES. Leic. Sq. 437 8181. World Premier Presentation SCUM (X). Sep. Perfs. Dly. (inc. Sun.) 2.45, 5.55, 8.35. Late Show Fri. & Sat. 11.15. Seats bkble. Lic'd Bar. From Jan. 10 World Premiere Presentation NIGHT GAMES (X). Box Office Open—Book Now

SCENE 4. Leic. Square (Wardour St.) 439 4470. ALIEN (X). Progs. 1.05, 3.35, 6.00, 8.30. Late Show Fri. & Sat. 10.55.

STUDIO 1 & 4. Oxford Circus. 437 3300. Lic'd Bar.
1. THE DEER HUNTER (X). 12.45, 4.05, 7.30. Late show Sat. 10.50.
4. APOCALYPSE NOW (X). Sep. Perfs. Daily 1.45, 4.50, 8.00. Late Show Sat. 11.10. Seats Bookable.

ART GALLERIES

CITY AND GUILDS OF LONDON ART SCHOOL. Centenary Exhibition at FIELDBORNE GALLERIES, 63, Queen's Grove, St. John's Wood, NW8. 586 3600

CRANE KALMAN. 178, Brompton Rd., S.W.3. 01-584 7566. 20th CENTURY BRITISH PAINTINGS. Until 31 January. Mon.-Fri. 10-6 Sat. 10-4.

HAMILTONS. 13, Carlos Place, Nr. Grosvenor Square, W.1. 499 9493-4. Oil Paintings by LABRIOLA and GINO HOLLANDER. Precious Works in gold and silver by GEORGE WEIL and JOCELYN BURTON. 2nd January-18th January 1980. Open Mon-Fri 9.30-5.30. Saturday 10.00-1.00.

MARLBOROUGH, 6 Albemarle Street, W.1 GRAHAM SUTHERLAND. New aquatints illustrating Guillaume Apollinaire's Bestiary with related watercolours. 21 Nov.-18 Jan. Mon.-Fri. 10-5.30. Sat. 10-12.30. Closed, 2 Jan.

REDFERN GALLERY. EDICIONES POLIGRAFA-BARCELONA. Major works by living artists. December-January. 20, Cork Street, London, W.1. Mon.-Fri. 10.0-5.30. Sat. 10-12.30.

SANDFORD GALLERY. Covent Garden. 1, Mercer Street, Long Acre, W.C.2. Mon.-Sat. 11-6. New Year contemporary fine art sale until 22 Jan.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE. 69, Dean Street, London, W.1 NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-2.30 am. Shows at Midnight and 1 am Mon.-Fri. Closed Saturdays. 01-437 6455

THE ARTS

Cinema

The first masterwork of 1980

by NIGEL ANDREWS

La Luna (X) Odeon Haymarket
Satan's Brew
Electric Cinema Club
The Family in Japanese Cinema National Film Theatre

There couldn't be a better way to begin the decade than with Bernardo Bertolucci's *La Luna*. The erratically talented Signor B., who seven years ago was setting filmgoers on fire with *Last Tango in Paris* and who three years ago was stomping through Italian social history with *1900*, has unveiled his latest film and it's a complete and ravishing masterpiece. Put to one side of your mind the more recondite sensationalism of *Last Tango*. Expunge from your memory the po-faced pedagoguery and pantomime parables of *1900*. This new film has wings of genius and flies with them.

Bertolucci's cinema has always swung between Marx and Freud, politics and private passion, and *La Luna* is the extreme tip of the pendulum-swing towards Freud. There's no place for social or political generalities in this tale of solipsistic Oedipal passion, in which a suddenly widowed American opera singer (Jill Clayburgh) wings off to Italy with her teenage son (by a former Italian lover) and endeavours to acquaint him there with his childhood roots, with her culture (mostly Verdi) and finally with the long-lost father.

These are the milestones of what might have been a straight road of spiritual exploration; a cathartic journey into the psyche's past. But weird and crooked are the ways of self-knowledge, and things go violently wrong for mother and son before they can start to go right again. Miss Clayburgh has spent 15 years swanning through life in blithe neglect of the boy's needs, the boy (Matthew Barry) has lately taken to heroin in compensation for lack of mother-love, and a battle royal begins when mother discovers the addiction. After many a stand-up, or sit-down, row Miss Clayburgh eventually resorts to soothing the boy with sex.

A masterly little pre-credits prelude shows the seeds of emotional thralldom being planted early in the boy's infancy. Mother and baby play on an Italian veranda; the lover is nearby; the baby chokes a little on the honey fed him from her finger (for which heroin will be a later substitute). Moments pass, and the mother and lover are dancing the twist on the veranda wall as the baby waddles towards the house, his legs catching a strand of wool that unwinds long and white and umbilical after him.

The Oedipal theme in *La Luna* is at once literal and emblematic. It's a particular crisis given particular force by the spitfire performances of Jill Clayburgh and Matthew Barry—her fluting, flouncing, feral primadonna is a marvel—but it's also in Bertolucci's hands an emotional echo-chamber whose cries reverberate far beyond the particular, seeking vibrations with primal themes of spirtual emancipation.

The film dwells among dream-images and speaks the language of archetypes. Commuting between Miss Clayburgh's Roman apartment, a dizzy honeycombe of veils and curtains and sunset-orange pillars, and the sundry cafés, cinemas, opera-houses of their life—and later venturing to Northern Italy for a comical-picaresque pilgrimage to Verdi-land—the movie sweeps its characters and its audience along on a wave of narrative that stays always one delirious length ahead of Realism.

La Luna takes much of its tone from the *verismo* euphoria of Verdian opera — dispensing the truth of the heart, not of the head—and in one stunning backstage sequence depicting a Rome performance of *Trovatore* Verdi's music seems to pick the camera up and waltz it through the behind-scenes labyrinth of *trompe l'oeil* scenery, dancing into deep and mazy caverns of

Matthew Barry and Jill Clayburgh in 'La Luna'

the sensual unconscious.

La Luna itself is a maze, and you're unlikely to find your way to the centre after one or even two viewings. But *don't* be deterred from entering: it's a joyous film to be lost in and to any imagination easily fired its dark, twisting, disorienting alleys are more thrilling than the trite and pliant clarity of most commercial cinema. Bertolucci uses his camera with a beady beauty and dynamism unequalled in modern cinema. It's a Cinerama of the heart and mind, whirling the filmgoer through chasms and vortices of his sensibility he hardly knew existed. Go and be thrilled: and begin the 1980s on an unforgettable note.

*

Two filmgoing venues well worth checking out in the coming week—with little new West End competition save from Signor Bertolucci—are the Electric Cinema and the National Film Theatre. The Electric is giving a premier British run to Rainer Werner Fassbinder's 1976 *Satan's Brew*, a hilariously wonky and eccentric melodrama from RWF which stars Kurt Raab as a writer who has delusions of greatness and who doesn't let any of those around him (including Fassbinder veterans Margit Carstensen, Ulli Lommel and Volker Spengler) forget it. *Satan's Brew* shows in a double-bill with another, earlier Fassbinder, *Why Does Herr R. Run Amok?*, and you should treat yourself to a visit.

This week the National Film Theatre is unfurling the red sun of Japan for a season devoted to "The Family in Japanese Cinema." Featuring films by Ozu, Ichikawa and other Oriental maestros, the programme homes in on the ever-prominent theme of domestic life in Japanese movies and offers a valuable glimpse into the screen's treatment of social traditions Out East.

Finally, how can one let a decade of cinema go by without a commemorative pantheon? Here, as a pendant to last week's Ten Best of the Year, are the Ten Best Feature Films of the Decade. Strictly personal, strictly alphabetical and strictly idiosyncratic:

Aguirre, Wrath of God
Annie Hall
Bring Me The Head of Alfredo Garcia
The Deer Hunter
The Godfather, Parts 1 and 2
La Luna
Nashville
Padre Padrone
The Passenger
A Touch Of Zen

Elizabeth Hall

Tippett

by MAX LOPPERT

Wednesday was Michael Tippett's 75th birthday; and that night the Lindsay Quartet gave the London première of the Fourth String Quartet (first heard at last year's Bath Festival). The work, a mature masterpiece, was a happy way of beginning a South Bank month full of Tippett. A composer whose critical stock, not so long ago, could be measured by a comment on the Piano Concerto (made in the 1957 *European Music in the 20th Century*) — "The 'myriads of notes' and amateurishly crowded textures of this piece show that Tippett's problematical character remains"—is now so much a guiding star on the musical horizon, so necessary to the lives of so many people to whom music matters, that we have to stretch our imaginations to discover what the "problem" might have been. But the belated acceptance, of which the present and forthcoming musical tributes are the expression, is no cause for complacency; rather for simple happiness and gratitude.

This was only my second hearing of the quartet. It goes without saying that repeated encounters will sharpen and deepen appreciation; yet the work already makes the kind of immediate sense that invites one to accept it "whole," and without question. Some of the most beautiful details seem almost familiar, as though one had known them for a long time—the little patterns of demisemiquavers in the first movement, for instance, like figures arrested in a courtly dance; or, in the second, the melody that first violin and cello sing, *cantabile, leggero*, and three octaves apart, around striding middle voices.

This is not to suggest that the work is in any sense an easy re-application of tried formulae, but that it makes new and important use of material recognisably Tippettian, in a way that summarises the past and looks boldly to the future. The use of Beethovenian imagery — allusively in the first three movements, and then actively in the last, with its angry interpolations of the *Grosse Fuge* theme—is in many ways the most remarkable in Tippett's music for it achieves the feat of making us listen to Tippett and —separately and simultaneously —think about Beethoven.

So it was only natural to pair the quartet with one of Beethoven's last, in this case the A minor, Op. 132. (Apart from being a birthday celebration, the recital was also the second in the current *Mainly Beethoven* series.) It posed a gruelling schedule for the Lindsay players—a tense and hard-driving account of Op. 132 in the second half, full of remarkable things not shaped to overall line of direction, showed how gruelling. The Tippett performance had, on the other hand, the kind of high-spirited brilliance appropriate to the occasion with at the same time wonderfully exhilarating effect on the music.

The lines sang in exultant freedom, released from baser rhythmic constraints yet bounding with rhythmic energy. The duets of the third movement were shaped as though by contrasted pairs of *danseurs nobles* (extraordinary that Tippett's music, so redolent of physical movement at its most joyous, should not have been in greater demand for the dance). Surely the Lindsay return visit to the recording studio cannot be long delayed: their excellent set of the first three needs bringing up to date.

Leicester Haymarket Studio

Just a Verse and Chorus

by MICHAEL COVENEY

While *Oklahoma!* is packing out in the main theatre (critics, or at least *most* critics, are not invited to review that fully subsidised production until later this month), the Leicester studio has followed suit and gone slightly soft. I have no objection at all to a music hall show about the unheralded composers of "Goodbye-ee" and "Knees Up Mother Brown." What I do object to is the sheer laziness of Robin Midgley's format, which is little more than an excuse for some jolly songs. Of Bob Weston and Bert Lee, what made them tick and what they were actually like, you will remain as ignorant as ever you were.

This need not have been the case. Last year's cabaret shows at the King's Head about Bix Beiderbecke and Ogden Nash managed to combine music with information and some attempt at theatrical gesture. Mr. Midgley restricts his production to plonking us in front of a pretty pier-end setting decked out in fairy lights. Bert Lee joined a pierrot troupe in 1909 (I learn from the programme, which is far more informative than the show) and so the cast step forward in pierrot uniform. Nothing is made of this, however, nor of the show within a show idea that is picked up when convenient and then dropped.

The entertainment is credited to Roy Hudd whom I expected, from the way the show is advertised, to see on the stage. He is not, and his collaborator on the material, Graham Webb, hardly gets a mention anywhere. What we do see is an adroit company of six whose extreme competence is lit up by the genuine music hall presence of Eddie Molloy as the fatter songsmith Bob Weston. Balding, rubber-lipped and slightly arthritic of movement, Mr. Molloy exudes a sense of generosity and fun. His delivery of the song about the chap who disgraced himself by turning up to a funeral in brown (or, rather, "brahn") boots is the evening's highlight. Alan Starkey characterises Bert Lee with a silly grin and a Yorkshire accent. The other reliable troupers are Suzanne Kaye, Penelope Nice, Martin Connor and Roy Macready.

Like so many songs of the period (Weston and Lee came together in 1915 and worked right through until the former's death in 1936), the output is rich in social and historical detail. The lyrics are straightforward and only embarrassing when an attempt is made to chop up rhymes and metre in the style of Lorenz Hart (as in "You Give Me Ideas"). It is marvellous to hear the verses as well as the choruses of "The Great Big Saw Came Nearer," which is mimed as a melodrama, and of "Paddy McGinty's Goat." And, for all my reservations, I never expected to hear a studio theatre audience (average age about 55!) joining in a sung request for "a proper cup of coffee made in a proper copper coffee pot." Oh well, I daresay it makes a change from Ibsen and Howard Barker.

Radio 3

Imeneo

by ANTHONY HICKS

The BBC dutifully announced their New Year's Day broadcast of an English version of Handel's penultimate opera as *Hymenaeus*, but this seems to be a case when transliterations of proper names are best confined to the actual characters. *Imeneo* was first given at the little theatre in Lincoln's Inn Fields in November 1740, opening Handel's last, and disastrous, operatic season. There were only two performances, followed by three of the other new opera, *Deidamia*. From then on Handel resolved to concentrate on English oratorio. He did cast one nostalgic glance back, however: in Dublin in March 1742 he gave *Imeneo* as a "serenata" or, as we would say, in a concert version.

Like the other late operas *Serse* and *Deidamia*, *Imeneo* represents a deliberate turning away from the standard *opera seria* preoccupation with dire villany and monumental heroism in favour of a lighter, ironic manner. Silvio Stampiglia's libretto, loosely based on a myth associated with the Greek marriage god, centres round Rosmene, who is betrothed to Tirinthus but also loved by Hymenaeus. The latter has claimed Rosmene's hand for having rescued her and other Athenian maidens from pirates, a reasonable demand in the view of the Athenians. Rosmene, it would seem, has to choose between love and duty. As Hymenaeus is in turn loved by Rosmene's friend Clomiris we might expect the opera to end with the conventional double pairing. Instead Rosmene plumps for duty and Hymenaeus, leaving Tirinthus and Clomiris unattached. To soften the blow she makes her choice in an elaborate mock mad scene, in which she claims that Rhadamanthus, law-giver of Hades, has decided for her. The grave concluding chorus wryly hints that in choosing a spouse one should be ruled by the head, not the heart, a sentiment that need not be associated solely with the Age of Reason. The music consistently high in quality, nicely contrasts homely, jog-trot arias for Hymenaeus with weighty ones in the grand manner for Tirinthus, and points out both the serious and teasing aspects of Rosmene's character. Clomiris's numbers sweet and wistful, include one of Handel's most haunting minuet arias, and her father Argenius, a bass, has a fine chromatic unison aria anticipating "The people that walked in darkness." (There are several pre-echoes of *Messiah*).

Imeneo was not revived in this country until the Birmingham Barber Institute production of 1961, under Sir Anthony Lewis and using an edition prepared by him. The first London revival was given at the Royal Academy of Music in 1972, again under Sir Anthony, and he was once more in charge for the broadcast. A word is needed about his version of the score, especially as Elaine Padmore's introductions gave no hint that listeners were hearing the opera in a form not corresponding to any of Handel's own versions. Most of *Imeneo* was drafted in September 1738 but the score was not completed for performance until 1740 when the title role, originally intended for tenor, was changed to baritone. In Dublin, arias and duets from other operas were interpolated. The broadcast, though mainly following 1740, kept making odd and apparently arbitrary reversions to the early draft, even to the extent of returning two of Hymenaeus's arias to their high tenor keys. More understandable was the introduction of the two duets added for Tirinthus and Rosmene at Dublin, one of which is the searingly beautiful "Per le porte" from *Sosarme*. The trouble is that inserting this piece before the final chorus is like putting *Leonore no. 3* into *Fidelio*: it upsets the entire balance of the opera. With its fellow, "Vado e vivo" from *Faramondo*, it dilutes the astringency of Handel's original conception.

There was little else to regret in the splendid and excellently cast performance. The role of Tirinthus gave Dame Janet Baker scope to display most of her talents and, in superb form, she seized every opportunity with relish. She caught the gentle pathos of "Mi chiederesti meno," as well as the passion of "Pieno il core" and despatched her fiendishly tricky rage aria, "Sorge nell'alma," with complete assurance. Both the sopranos—Yvonne Kenny (Rosmene) and Joy Roberts (Clomiris)—were delightful, spinning sure, seamless lines. Stephen Varcoe's light and flexible baritone coped pleasantly with the needlessly heightened version of the title role and Don Garrard made a robust Argenius. Sir Anthony's direction of the English Chamber Orchestra could have allowed more transparent textures and crisper phrasing at times but he always kept the music moving purposefully forward. Brian Trowell's grateful translation was delivered with exemplary diction throughout.

'Don Giovanni' film wins French award

Don Giovanni, the Mozart opera directed for film by Joseph Losey, has won the Académie Français "le Duc" Award for the Best Film of the Year.

It has also won the best recording of film soundtrack from the French Academy of Musicians. The award was presented to Joseph Losey by Mayor Chirac of Paris.

Wigmore Hall

Frankl's Schumann

by DOMINIC GILL

Now that he has finished his comprehensive four-volume set of Schumann recordings for Vox-Turnabout (distributed in this country by Decca), Peter Frankl comes to the Wigmore Hall on five evenings this month and next to repeat the cycle live.

It promises to be a rewarding experience—even if some of the rewards, for some Schumann lovers, may seem a little circumscribed. At the first recital on Wednesday, Frankl showed himself concerned—as he does also on his records—more with skeletal structure, with the broad bones of the music, than with finer detail. That made for three strong, coherent performances—and what they sometimes lacked was only inner life; since it is above all the detail, especially in Schumann, which is the principal catalyst of a piece, or a phrase, or a scene, and which makes the music breathe.

This mattered least where broad sweep is the thing, and important coherence least easily achieved. The wonderful Intermezzo of the *Faschingsschwank aus Wien* was buoyed up with splendid vigour and tautness: very fine. Elsewhere in op.28 there were more loose ends: right at the start, no sign, strangely, of the connecting quavers of the opening tune, dashed off at a *sehr lebhaft* quite as fast as the *höchst lebhaft* of the finale; and everywhere a concern to cultivate the drama and the urgent movement of the music rather than — not necessarily at the expense of: the viewpoint is just different — its subtle alchemy.

Frankl blurred the quavers of the opening melody of the *Davidsbündlertänze* — all important speaking notes—in similar fashion; it was the surge and the urge he was after, not the voices in between. In "Ungeduldig" he equated impatience with speed. The delivery of "Einfach" could, and should, have been much more daring, far less professorly, in its use of pedal: the whole piece should swim in a haze—and the remarkable "Wie aus dem Ferne" too, tonic and dominant harmonies blurred together, and at one point a whole chromatic cluster, in an amazing (for 1837) avant-garde mist.

I don't want to imply that Frankl's recital, in its own way, was not a considerable tour de force, and also in its own way greatly perceptive and enjoyable. But it was also a limited view, a limiting perception: so much happens in between, under, beside, inside Schumann's music that is a pity, and perilous, to ignore. *Carnaval* was much more closely focused: perhaps it has lain under the fingers, and in the heart, that much longer? Tempi were generally fast, every *presto* a headlong flight: exciting in "Paganini" and "Papillons" and in the finale; less apt for "Pantalon et Colombine," and certainly for "Lettres dansantes," where both the vital *leggiero* indication, and the heartache, were notably absent. (And where was that quintessential Schumann ambiguity: the *agitato* in the relaxed and flowing "Chopin" tune?)

On January 12, Frankl continues his Schumann journey with the three sonatas together in one programme.

Covent Garden

Cinderella

Cinderella, which I saw Wednesday night at the official debuts of Marguerite Porter and Mark Silver as the hearth-side heroine and her Prince, is vintage Ashton. It came at the end of 1948, the year in which he also created *Scènes de Ballet*, that succinct homage to the Maryinsky ideal. With *Cinderella*, Ashton's first full-length work, the old classic tradition is again Anglicised and updated, Prokofiev's lustrous score inspiring in Ashton a choreographic manner of bright-cut elegance and formal precision quite as thrilling as that of his evident model, Petipa. Thus, for the seasonal fairies we see variations of glittering brilliance, and for the corps de ballet of stars patterns and evolutions that are among his happiest inventions.

And for Cinderella and her Prince there are solos and a pas de deux that must also rank among the best things Ashton has made. They demand, as does the entire ballet, extreme assurance: from Marguerite Porter and Mark Silver they received careful if not entirely easy performance; from the company, playing that was competent, but hardly of the quality we have known from earlier casts.

Ashton's nod to our own pantomime tradition came in the writing for the Ugly Sisters, roles in which Sir Frederick and Sir Robert Helpmann have often dominated the proceedings by their grotesque bravura and acid humour. On Wednesday the two old girls were taken by Derek Rencher and Michael Coleman, and the characters seemed laboured, unfunny distractions from the real matter of the piece, which is now its classic choreography.

CLEMENT CRISP

Analysis of bank advances and acceptances

to UK residents by banks in the UK at November 21, 1979; as Table 5 in the Bank of England Quarterly Bulletin.

£m		Advances & acceptances to UK residents: Total	of which in sterling	of which in foreign currencies	Financial: Total financial	of which in sterling	Hire-purchase finance houses	Property companies	Other financial
London clearing banks	1979 Aug. 15	22,338	20,922	1,416	2,068	1,654	157	777	1,135
	Nov. 21	23,100	21,829	1,270	1,994	1,694	179	794	1,021
Scottish clearing banks	1979 Aug. 15	2,886	2,615	271	278	175	54	79	145
	Nov. 21	3,071	2,825	246	309	232	95	86	128
Northern Ireland banks	1979 Aug. 15	756	754	2	32	31	3	24	5
	Nov. 21	782	780	1	33	32	3	25	5
All banks	1979 Aug. 15	52,086	41,633	10,453	9,077	6,018	1,631	2,113	5,334
	Nov. 21	55,071	44,218	10,853	9,442	6,491	1,851	2,170	5,421
of which in sterling	1979 Aug. 15	41,633			6,018		1,597	1,860	2,560
	Nov. 21	44,218			6,491		1,809	1,919	2,763
Changes:									
in sterling	1979 May/Aug.	+3,466			+457		+219	+26	+211
	Aug./Nov.	+2,585			+474		+212	+59	+203
in foreign currencies adjusted for exchange rate effects§	1979 May/Aug.	− 23			+ 89		+ 10	−40	+119
	Aug./Nov.	+ 126			−193		+ 8	− 8	−192

		Manufacturing: Total manufacturing	of which in sterling	Food, drink and tobacco	Chemicals and allied industries	Metal manufacture	Electrical engineering	Other engineering and metal goods	Shipbuilding †	Vehicles	Textiles, leather and clothing	Other manufacturing
London clearing banks	1979 Aug. 15	6,129	5,823	779	636	399	442	1,443	404	189	678	1,159
	Nov. 21	6,291	5,997	868	637	402	500	1,512	415	196	575	1,184
Scottish clearing banks	1979 Aug. 15	659	641	126	34	36	32	121	142	14	65	89
	Nov. 21	713	696	160	46	38	35	110	146	17	61	100
Northern Ireland banks‡	1979 Aug. 15	129	129	30				40			30	28
	Nov. 21	133	132	34				41			27	30
All banks	1979 Aug. 15	14,304	11,910	2,233	2,652	850	1,087	2,601	619	658	1,171	2,433
	Nov. 21	14,874	12,536	2,456	2,673	909	1,201	2,715	631	670	1,059	2,561
of which in sterling	1979 Aug. 15	11,910		1,852	1,790	767	905	2,295	586	631	1,049	2,035
	Nov. 21	12,536		2,027	1,922	795	1,037	2,429	600	638	942	2,145
Changes:												
in sterling	1979 May/Aug.	+959		+ 98	+128	+ 79	+ 20	+238	+ 14	+ 2	+153	+286
	Aug./Nov.	+625		+175	+132	+ 28	+132	+134	+ 14	+ 7	−107	+110
in foreign currencies adjusted for exchange rate effects§	1979 May/Aug.	+243		+ 41	+116	− 10	+ 23	+ 76	− 7	− 3	+ 2	+ 5
	Aug./Nov.	−120		+ 38	−135	+ 29	− 23	− 27	− 3	+ 4	− 9	+ 7
Advances only												
All banks	1979 Aug. 15	12,581	10,291	1,900	2,254	680	958	2,397	617	458	1,071	2,245
	Nov. 21	12,932	10,629	2,061	2,291	721	1,035	2,467	624	471	949	2,312

		Other production: Total other production	of which in sterling	Agriculture, forestry and fishing	Mining and quarrying	Construction	Persons: Total persons	of which in sterling	For house purchase	Other
London clearing banks	1979 Aug. 15	3,134	2,095	1,739	183	1,212	4,787	4,783	1,500	3,287
	Nov. 21	3,234	3,193	1,793	167	1,274	5,104	5,100	1,652	3,452
Scottish clearing banks	1979 Aug. 15	638	582	464	69	105	487	487	143	344
	Nov. 21	660	606	484	64	112	528	527	165	363
Northern Ireland banks	1979 Aug. 15	204	204	146	4	54	173	173	44	129
	Nov. 21	213	213	152	5	56	175	175	49	126
All banks	1979 Aug. 15	5,876	5,070	2,456	1,490	1,929	7,020	7,007	2,075	4,945
	Nov. 21	6,076	5,255	2,603	1,449	2,024	7,522	7,506	2,293	5,228
of which in sterling	1979 Aug. 15	5,070		2,443	777	1,850	7,007		2,072	4,935
	Nov. 21	5,255		2,587	732	1,936	7,506		2,292	5,213
Changes:										
in sterling	1979 May/Aug.	+465		+277	+ 68	+120	+656		+245	+411
	Aug./Nov.	+185		+144	− 45	+ 85	+498		+220	+278
in foreign currencies adjusted for exchange rate effects§	1979 May/Aug.	− 33		− 1	− 31	− 2	− 1		—	—
	Aug./Nov.	− 7		+ 2	− 15	+ 7	+ 3		− 2	+ 5

		Services: Total services	of which in sterling	Transport and communications	Public utilities and national government	Local government	Retail distribution	Other distribution	Professional, scientific and miscellaneous
London clearing banks	1979 Aug. 15	6,220	5,567	498	611	67	1,297	1,182	2,565
	Nov. 21	6,478	5,845	522	667	69	1,420	1,233	2,567
Scottish clearing banks	1979 Aug. 15	823	730	126	81	58	130	128	301
	Nov. 21	861	763	134	67	58	145	134	323
Northern Ireland banks‡	1979 Aug. 15	217	217		19	6	84	34	74
	Nov. 21	228	228		20	8	88	35	78
All banks	1979 Aug. 15	15,809	11,627	1,805	2,375	917	2,102	3,701	4,908
	Nov. 21	17,157	12,431	1,833	2,482	1,032	2,365	4,223	5,221
of which in sterling	1979 Aug. 15	11,627		1,146	256	871	2,069	2,641	4,644
	Nov. 21	12,431		1,192	296	974	2,338	2,731	4,899
Changes:									
in sterling	1979 May/Aug.	+948		+ 84	+107	+ 82	+ 95	+147	+432
	Aug./Nov.	+804		+ 46	+ 40	+104	+269	+ 90	+255
in foreign currencies adjusted for exchange rate effects§	1979 May/Aug.	−321		+ 4	+ 3	−152	− 4	−111	− 63
	Aug./Nov.	+443		− 35	+ 14	+ 10	− 7	+409	+ 50

† Including lending under special schemes for domestic shipbuilding. ‡ The analysis provided by Northern Ireland banks differs slightly from other banks. Chemicals and allied industries are included indistinguishably in "Other manufacturing"; Metal manufacture, Electrical engineering, Shipbuilding and Vehicles in "Other engineering and metal goods"; and Transport and Communications in "Public utilities and national government." § The figures exclude as far as possible the effect of changes in exchange rates on the sterling value of advances in foreign currencies.

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Gold and the central banks

GOLD IS clearly back on the agenda of the world's central banks, little though some of them may relish the fact. The French have indicated that they expect the topic to be discussed at the monthly meeting at Basle at the weekend. The Swiss authorities have for some time been urging larger sales of officially-held gold, mainly in order to calm speculation. American gold sales continue in principle, but have proved quite ineffective, except as a marginal contribution to the trade account.

Substantial risk

The speculative boom in gold prices, a normal if wildly exaggerated response to disturbed international conditions, is not in itself a reason for official action: but some of its probable causes and consequences do require attention. In short, it does not greatly matter if a few speculators make or lose fortunes—and some were no doubt lost yesterday, when the price rise accelerated in a fierce bear squeeze. On the other hand, the lack of confidence in some of the main paper currencies, and notably in the dollar, is a problem which was threatening international stability long before the gold market caught fire. It can also be taken for granted that some financial institutions are now indirectly at substantial risk through the speculative operations of their customers.

One thing is clear: it would be quite wrong to tailor policies simply to treat the suspected causes of the present boom. While demand is certainly substantial, as witness the ease with which an offering worth nearly $250m from the International Monetary Fund was swallowed up, we still know very little about the real scale of demand, or its source. The generalised case in favour of enhanced official sales is not that they would stabilise the market, which would require impossibly fine judgment, but that they would mop up some of the currency now roaming the markets in search of a haven.

It is notable that gold is not the only preferred alternative to the dollar. The harder currencies have also been in demand. The irony is that the central banks have on the whole been ready to accommodate some of the demand for currency switching through intervention, which has inflationary implication: but they have refused to supply gold, which would be somewhat deflationary.

However, it may well be found that the most useful role for officially-held gold is not in meeting private investment demand, but in easing some of the problems of official settlement. According to some rumours, the monetary authorities of some major oil producers have been substantial gold buyers. If this is the case, an important alternative possibility of financing their trading surpluses emerges. A proportion of gold settlement of their balances — essentially, a willingness to supply gold in an orderly way — would correspondingly reduce the sums that would otherwise have to be intermediated through an international banking system whose capacity for recycling without limit is now widely questioned. It in any case seems irrational that the world's main surplus countries should continue to hold only a minute proportion of their reserves in gold, while some of the large debtors hold a high and rising proportion in this form.

Any proposal to mobilise officially held gold in any way is bound to arouse talk of "remonetisation"—indeed the French, who are urging that the gold content of the ECU should be raised, have used the word. This is likely to reawaken old theological debates, and in no good cause. We have never been further from remonetised gold—a world, that is to say, in which money is backed by gold and gold has a stable monetary value.

Sterile hoard

The issues are practical: whether it makes sense to hold a much-wanted asset in the form of a sterile and immobile hoard, very unequally distributed, or whether a carefully judged mobilisation of official holdings could help to calm some of the problems of currency instability, reserve diversification and trade imbalance which look so forbidding at present.

It is clearly possible for individual central banks to enter that market if they wish—and thus essentially to join in the speculative game. An internationally agreed approach to this participation would be vastly preferable, and stand a much better chance of helping stability rather than upsetting the applecart. Views at present differ widely: it is all the more urgent, then, to open the careful, practical discussions which might produce results.

Cautious start in Nigeria

NIGERIA'S new civilian government has little to show for its first three months in power. Since President Shehu Shagari took office on October 1 this year after 13 years of military rule he has had to devote much of his energy to avoiding the ethnic and political landmines which are part of Nigeria's complex make-up. He deserves praise to the extent that he has not trodden on any yet. But in order to do so he has had to proceed with a degree of caution which at times has looked more like paralysis. It took him ten weeks to form a cabinet and forge a working majority in the federal houses of assembly and it will take the country much longer to get used to the U.S.-style constitution which it adopted in preference to the more familiar Westminster model.

Centralisation

The President's critics say the inactivity is a product of weakness while his supporters say it shows his determination not to rock the democratic boat before all the holes have been plugged. It is too early to judge yet how strong the President will prove to be but he has made it clear from the start that he wishes the centre of decision making to be concentrated in his own office. He has brought some key portfolios under his sway—including the budget — and has announced that he will soon appoint a team of top presidential advisers to keep an eye on all the ministries and take policy decisions.

Although the President has now managed to form a working majority through an alliance between his own National Party of Nigeria and the Nigerian Peoples Party, he has not yet had to face any big trials of strength. That will not come until he begins to put forward legislation such as that envisaged in the party manifesto or until he has to face a challenge from the powerful governments in the 19 states.

The big question now is how the President handles the economy. Oil revenues next year are likely to be over $20bn and might even be more following the chaotic end to the OPEC meeting in Caracas. Nigeria was always among the hawks over oil pricing while it had a military government. Although the new administration shows every sign of being more pragmatic it desperately needs greater oil revenues if it is to satisfy the aspirations of its huge population of 80 to 100m. Hence its apparent decision to raise oil prices to over $34 a barrel—at the top end of the pricing spectrum.

One of the government's first moves was to delay the implementation of the next development plan for 1981 to 1985 until clear priorities had been worked out.

Foreign trade

Such economic caution naturally has important consequences for Nigeria's trading partners such as Britain. British exports to Nigeria last year fell sharply but Nigeria remains an important market for British goods. Crucial for British exporters will be the outcome of the present U.K. initiative in Rhodesia: Nigeria has always been one of the most hardline of African states on the issue. So far, the Nigerians have been cautiously congratulating Britain on the success of the Lancaster House conference.

There is bound to be a stimulus to foreign trade as the Nigerian economy picks up from its recession which followed the dramatic fall in oil revenues in 1978. Even if the emphasis in the development plan is on moderation, the Nigerian domestic market still has immense potential.

What is important is that the government of President Shagari should begin to implement the promises in the party manifesto of favouring the rural areas and agriculture even at the expense of the urban population. His personal belief is that only by injecting a large amount of federal money into the rural areas will it be possible to correct the imbalances in society, by slowing the drift to the cities and encouraging agricultural production and earning power. It is to be hoped he will have the political strength to carry it out.

NEW ERA IN WEST GERMANY

BY JONATHAN CARR, Bonn Correspondent

The reluctant giant shows his strength

WEST GERMANY enters the 1980s with a change at the top that has gone largely unnoticed abroad. Herr Helmut Schmidt, the Chancellor, remains in overall charge, but a new man has taken over as head of the Bundesbank, perhaps the country's most widely respected public institution. The new Governor, Herr Karl Otto Poehl, takes over from Dr. Otmar Emminger, who is retiring after having served as a director of the central bank since 1953, at the outset of the almost legendary German economic miracle. Those days are gone, yet much of the world will be looking to the new team with very high expectations.

Glyn Genin

Herr Karl Otto Poehl: guardian of an attractive reserve asset.

Both Herr Schmidt and Herr Poehl will certainly do their best to reduce those expectations to what they believe to be a more realistic level—but they face a hard task. In the 1950s and 1960s there was still some truth to the claim that the Federal Republic was an economic giant but a political dwarf. In the 1970s this judgment could hardly be sustained in the face of developments like the Guadeloupe summit conference which West Germany attended as an equal partner with the United States, Britain and France. In the 1980s there seems to be no way for the Federal Republic's leaders to avoid showing a higher profile in world affairs. Their country is much the strongest economically and militarily in western Europe, their central bank has the biggest reserves in the world and the Deutsche Mark is gaining ground, despite all the Germans have so far done to try to stop it, as a reserve currency. Last, but not least a big question mark hangs over the U.S. role as leader of the Western world, and the European Community has not progressed to the point where it can realise its potential political weight.

In sum, there is a leadership vacuum in the West at a time when the problems to be faced are more complex than ever. It may well be that no country can fill it completely. But the Federal Republic now seems better placed to play a key role than any other.

The West Germans, on the whole, abhor the idea and advance many cogent reasons why their strength must not be overestimated. They say a top role for Germany would be resented and feared in many neighbouring countries where memories of the Nazi past are still strong. They point to Germany's highly exposed political and geographical position as a divided country in the centre of Europe. Even the economy, it is said, is not as strong as foreigners often suppose. West Germany must import almost all its oil and raw materials, the current account last year swung into deficit (of DM 8.7bn or £2.3bn in the first 11 months, as against a surplus of DM 14.6bn in Jan.-Nov., 1978) for the first time since 1965—and those German companies whose export success compels admiration often have a peculiarly low profits-sales ratio by U.S. or even British standards and a very high proportion of borrowed capital.

That said, it is hard to deny that West Germany has overcome the economic problems of the 1970s better than almost any other western industrialised country of any size—and is going into the 1980s with a performance which most would envy. In the short run, the German economy is set to grow in real terms in 1980 by 2.5 per cent to 3 per cent after something over 4 per cent last year. The inflation rate should not rise above last year's average 4.5 per cent. Naturally there are sectors like the motor industry which will not see in 1980 the kind of boom they have had for the last year or two. There are others like steel which struggled out of the red in 1979 but may well fall back into it again this year.

There have been belligerent noises at the start of the new wages round, with the German metalworkers demanding an increase of somewhat over 10 per cent for 1980. But on the whole the briefest of glances at the economic situation of most major partners should reassure West Germans that relatively they are doing very well indeed.

There is a more important point, harder to illustrate. There appears to be a greater readiness to adapt quickly to changes in world demand among West German entrepreneurs than among many of their foreign competitors. Industrial structures seem to be less ossified than elsewhere. The explanation given for this in Germany usually is to underline both the country's free trade principles (not wholly impeccable) and to stress that the Government is not normally given to saving lame ducks. Perhaps more important is the other side of the argument about Germany's paucity of raw materials and energy. Because this weakness exists, and because the domestic market is relatively restricted, West Germans have been forced to look abroad for the means to protect their interests and, indeed, their existence. This no doubt strikes an historical chord for the British. But the Germans seem to succeed well in the new battle for markets and supplies, not simply because their goods are well made and delivered on time, but because beyond the confines of Europe they have fewer prejudices to overcome from colonial days.

Ineluctably, these foreign interests and the clean bill as a non-colonialist have been drawing West Germany into new responsibilities which seem bound to be greater in the 1980s. What might once have passed for simple trading issues now raise complex political and financial problems demanding action by government, Bundesbank and the private business sector as well.

Take the developing world, which is important for the Federal Republic not just as a supplier of raw materials but as a growing market for new German products (and as a competitor in traditional goods). When Herr Schmidt notes that the annual oil import bill of these countries has been roughly double the sum of the official development aid they receive, he is not only making a humanitarian point. He is also underlining the point that countries which are current and potential German markets are being driven ever deeper into debt—and that the ability of the International community to finance this without undue risk is limited.

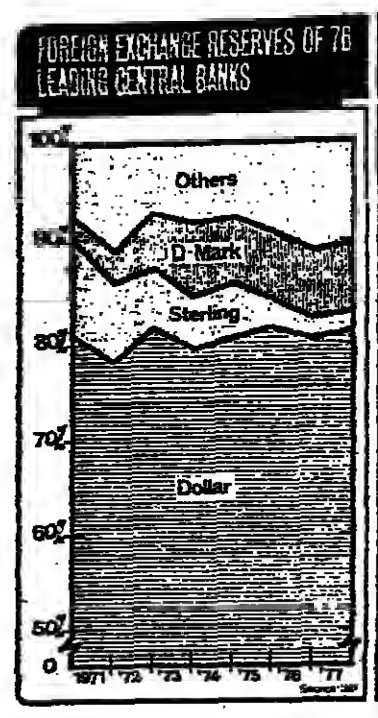
At Bonn Government level, attention concentrates on how the inevitable increases in the oil price may be placed on a more ordered, regular basis—perhaps through a tripartite conference between the oil producing countries, the industrialised consuming states—and the non-oil-producing developing world.

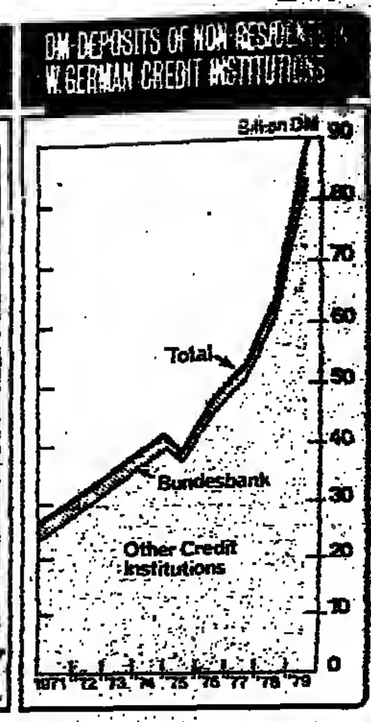
At the Bundesbank, concern focuses on the problems of debt financing—on the relatively limited role of the International Monetary Fund (IMF) and how a greater volume of credit can be made available without either weakening the economic conditions on which the IMF lends, or overburdening the international financial markets.

Naturally the Germans are not the only ones to be mulling over these ideas. But they appear to combine in unique manner a vital national need for a solution to be found with the weight and leadership to take the initiative. To some extent this has already happened in other forums, for example Herr Schmidt's pressure (with France) for establishment of the European Monetary System (EMS), and his formulation of key new proposals for the East-West force reduction talks in Vienna. In both cases the German role could be partly concealed as international—or at least bilateral—action. In the 1980s the real source of the stimulus is likely to become clearer.

The same applies to the Bundesbank. The central bank would certainly deny that in 1979 it actually foisted high interest rates on other European countries. But at least it can be said that the Bundesbank raised its own rates to the level it felt necessary to curb domestic inflation, and that other European central banks had very little option but to follow suit.

Naturally there were grumbles that the West German action was helping to drive the economies of the industrialised world into recession. The Germans reply by drawing attention to that passage of the communique of the western economic summit conference in London (inserted at the particular insistence of Herr Schmidt) that inflation is not a cure for unemployment but one of its basic causes. The Germans say they interpret this as meaning that price stability—and therefore economic growth in real terms—begins at home. Their partners may fairly have cause to feel it begins instead with interest rate decisions in Frankfurt.





Terry Kirk

Herr Helmut Schmidt: Germany's concealed role in world affairs.

Herr Poehl is not only in charge of one of the most influential of all central banks—and the one which is certainly the most independent of its own government. Whether he likes it or not he will be guardian of a currency whose consistent rise in value and attraction as a reserve asset seems to mirror West Germany's own growing role in the world. The Bundesbank has already assembled every conceivable reason why an increasing Deutsche Mark reserve role is in the interests of neither the Federal Republic nor the world. Many of the arguments seem convincing—but have not prevented the Deutsche Mark rising to take a share of more than 11 per cent in the foreign exchange reserves (excluding gold holdings) of non-German monetary authorities at the end of 1978.

The process seems bound to continue—and might become very hard to control if the Bundesbank itself does not seek to force the pace on creation of suitable alternative reserve assets. On the one hand that seems to imply development of the role of special drawing rights (SDRs) and creation of the much-discussed Substitution Account in the IMF—albeit a partial solution. On the other it means readiness to push ahead with the second stage of the EMS—involving creation of a European monetary fund and development of the European Currency Unit (ECU).

Implementation of this stage in any case seems bound to be delayed until after the French Presidential election in 1981. But a lot of work can be done on the problem in the meantime—and the Bundesbank's influence will be crucial.

Hugh Routledge

Herr Franz Josef Strauss: a more assertive future.

In one sense Herr Poehl is in an even stronger position than Herr Schmidt. He is not subject to general elections, and could still be head of the Bundesbank in the 1990s. That appears to be a strong guarantee of continuity in central bank policy. But by the autumn of 1980 it is possible—though not very likely—that Herr Schmidt may have been replaced as Chancellor by Herr Franz Josef Strauss the ebullient conservative leader from Bavaria. That could mean an even more assertive role for the Federal Republic in international affairs—for better or worse.

MEN AND MATTERS

Finding a new place to land

Despite fuel problems and mounting costs, business aviation remains one of Britain's few growth areas, increasing during last year at a rate of about 10 per cent. Most—although by no means all—major successful companies boast at least one BAe 125 jet to get their top men to Scotland, Europe or the Gulf.

One consequence of this has been that, alongside the ructions over a third London airport, there have been protracted discussions about a business airport for London. Business users are being steadily frozen out of congested Heathrow and Gatwick, where small aircraft are frankly seen as a nuisance; the search has ranged from Biggin Hill to Wisley, to Farnborough, to Northolt, to Hatfield, and—with much less enthusiasm — to Stanstead.

It now seems that talks over 18 months between the Business Aircraft Users' Association and Bromley Council, owners since 1974 of Biggin Hill airfield, are likely to bear fruit. The idea of more business flights and less club flying has been put forward by the council's Tory leader Simon Randall as a means of cutting down both noise nuisance and the council's subsidy to the airfield. Updating the airport at a cost of about £500,000 could be done with government and EEC grants and also by selling sites to interested operating companies.

As for the noise aspect, says a council spokesman: "Executive jets are noisy, but they come and go, and that's the end of it." Club aircraft, by contrast, are often noisier still and buzz around the surrounding area.

There is still a long way to go, however. For instance, a full customs service would have to be provided at the old Battle of Britain RAF fighter base. Nor is the final approval of the council certain. But if all goes well, the BAUA's search appears to be over.

"What a day—they even tried to buy my gold fillings!"

Its chairman, Bill Alexander, managing director of Marconi Avionics, says guardedly: "We are still banging on at Gatwick and Heathrow, but the more attractive Bromley can make Biggin Hill, the more our members will use it." The BAUA's 60 member companies are to be issued with a secret route map which "almost guarantees" a 45-minute journey to central London at any time of the day. "It's a lot of double-backs, but it's quite obvious if anybody takes the trouble to work it out," says the BAUA's chief executive, Robert Stephenson.

Brushing it clean

Daza Rosas, a polemical painter from Spain, is having an exhibition in London this month. An announcement of the event says he is "an Ecologist with a strong desire to fight pollution, signs of which are evident in his paintings." To learn how the desire manifests itself, I telephoned Francoise Tempera, an art critic familiar with Rosas's work.

"He is militant," she said. "In his paintings there are bubbles of pollution. Trees are torn from the earth. The skies are ominous." I said it sounded somewhat gloomy. "But there are also very optimistic touches," she explained, "such as doves."

Trouble below

Up-dating the manual system on the Metro, the London District Line is to introduce trains with "push-button doors" which can be opened by the passengers. The aim is to keep the heat in the carriages and so save energy. But if forebodings in Paris are well-founded this will only be the first phase of underground economy.

A document just published by Paris Transport called "Horizon 1990" presents a thoroughly disheartening picture for urban man should OPEC continue to tighten the screws. In winter, says the forecast, the Metro will operate only between 6.30 am and 7.30 pm. At night it will be used to carry parcels because delivery by lorry will have become prohibitively expensive. The present system of automatic operation will be dropped: to fight unemployment, the motor men will come back behind the dead man's handle. Train speeds will be reduced, and adjoining stations operated only on alternate days.

The Metro's first-class compartments may also go by the board. The question of how that helps energy-saving I leave to analysts of French logic.

Back to the bush

When a group of middle-aged men gather tonight at an R.A.F. airfield in Oxfordshire, they will exchange memories of distant days in the African bush. But there will be little time for looking back—at 4 am on Saturday they will be taking off for Rhodesia to help supervise the coming general elections there.

They are the vanguard of 60 former district commissioners recruited by the Foreign Office from all over Britain. Many have not been in Africa for 15 years or more; but their telephones rang as the Lancaster House conference neared its conclusion, and they were called to Whitehall interviews.

"It came completely out of the blue," I was told yesterday by John Orr-Ewing, the 59-year-old registrar of Wye College of Agriculture. "I was last in Africa in 1965. Of course, I miss it—I was there for 17 years."

Orr-Ewing was in Zambia, as a district commissioner when it was Northern Rhodesia, and after independence worked in President Kaunda's office. "I don't imagine our job in Rhodesia will be easy," he admits.

It seems that the Foreign Office had difficulty in tracing enough suitable old colonial hands. One who called to offer his services is Philip Bowcock, now a solicitor in Leek, Staffordshire. He was in the Sudan, then in Northern Rhodesia. "It is 14 years since I was out there. I am looking forward to the scents, the sounds and the people," he told me.

The FO contacted Donald Hodge, 55, at the former coach house in Sussex where he lives now. "I certainly wasn't expecting it," he says. Hodge was in Kenya—where he was born—as a district commissioner during the Mau Mau emergency and later became personal secretary to the Governor-General.

The former DCs expect to be out in Africa for at least two months and will be paid about £2,000 each for their work. They will not be sporting their traditional colonial shorts. "I wore them out on the beach long ago," says Orr-Ewing.

On the safe side

Overheard: "Mark that memo 'Confidential,' Miss Jones—I want to make sure everyone reads it."

Observer

A year's grace for Talbot in Britain

By ARTHUR SMITH, Midlands Correspondent

MR. GEORGE TURNBULL, a former Managing Director of British Leyland who has twice spurned approaches to run the company since it came under state control, believes that his Talbot UK workforce is capable of a 25 per cent improvement in productivity.

Mr. Turnbull was the surprise recruit announced just 12 months ago by PSA Peugot-Citroen to head the UK operation of the recently-acquired business of Chrysler Europe. He joined the company in April after winding up his contract with Iran National, the largest producer of cars in that troubled country.

Chrysler UK—renamed Talbot from January 1—has about 22,000 workers compared with BL's 150,000 but there are interesting parallels between the two companies. Both face the problem of motivating the workforce and raising productivity dramatically merely to maintain the companies in their present form. Sir Michael Edwardes, BL's chairman, has won overwhelming support in a ballot of his workforce for plant closures and redundancies but negotiations have still to be completed on an incentive scheme which he said 18 months ago was crucial to the survival of the company.

The Talbot incentive scheme is already operating and yielding additional earnings of up to £6.00 a week—but the price paid for union agreement was the company's longest strike in Coventry and a total stoppage of car production. The 2,000 workers at Ryton who assemble the Alpine model, walked out at the end of June for 14 weeks in protest against the management's insistence that it could afford a pay increase of only 5½ per cent plus the self-financing incentive scheme. The 3,100 manual employees at the nearby Stoke engine plant held out for 15 weeks before agreeing to the company's terms.

Mr. Turnbull makes clear that Talbot UK has only 12 months to prove that it can move from being a heavy loss-maker into profit. Losses in the first six months of 1979, totalled £17.43m and the effect of the subsequent prolonged strikes is likely to push the deficit for last year close to £40m. That compares with losses of £20.2m in 1978, £21.5m in 1977 and £43m in 1976. Production in 1979 amounted to 156,347 cars completed and at the same time 17,778 trucks were produced.

Mr. Turnbull says: "I think we have really got this year to show we can climb back into the black or at least come very close to it. I have told employees that this is the make or break year. I feel the enthusiasm is there and the mood is right to achieve our targets."

In much the same way as Sir Michael Edwardes has put his workforce on trial for good behaviour under the threat that lost production will mean abandoning the recovery programme, Mr. Turnbull can exercise similar pressure. While Sir Michael demands improved performance to justify new investment to a sceptical Conservative Government, Mr. Turnbull can point to the commercial logic exercised by the French proprietors of Talbot. He warned workers at Ryton that continuation of the strike could mean the final closure of the plant within weeks. But he rejects the suggestion that Talbot UK is marginal to PSA Peugeot-Citroen's operations and that policy is dictated from France.

"I have been consistent all along the line. When I was hired I saw the President of PSA M. Jean-Paul Parayre. He had confidence that it was possible to pull the company into the black, and that view has not changed. Our understanding was that the company would be managed from the UK not France," says Mr. Turnbull.

"If we can improve our productivity and efficiency we can attract more investment. If we do not, M. Parayre will not be able to persuade his French colleagues to invest. That is the message I have conveyed to all our plants."

Mr. Turnbull is a member of the five-man directoire responsible for day-to-day management of Talbot Europe. The chief executives of Talbot Spain and Talbot France are also members. In Spain more than 15,000 Talbot workers are employed in the manufacture of cars, trucks and tractors. The French company is by far the largest with some ten plants and 40,000 workers.

"We have equal responsibility and authority in the eyes of the PSA directoire," Mr. Turnbull says. But the five members adopt a European rather than a national view of strategy, each taking overall responsibility for certain management functions. M. Francois Perrin-Pelletier, President of Talbot Europe, is responsible for the public image of the company and finance. Mr. Turnbull spends an average one day a week at the Paris headquarters and has charge of sales of all products outside Europe.

Talbot Europe, like Peugeot with its 103,000 workers and Citroen with its 82,000 employees, operates as a completely separate company under the control of PSA. But the economies of scale demanded by the multinational motor industry mean that capital expensive components such as gearboxes and engines, will inevitably be standardised and supplied principally from France. The value of operations such as Talbot UK is to offer assembly facilities which are both near to the point of sale and geared to local styling and requirements.

Mr. Turnbull argues that though the chain of responsibility from Talbot UK to the PSA directoire might appear long, in practice relations are close and that he has regular contact with the top level directors. But he points out that Talbot UK will not finalise its plans until it is clear whether productivity improvements are forthcoming. "I am very much more confident that we shall be successful. A 25 per cent productivity improvement is still within our grasp," he says.

There can be no mistaking the bitterness of workers at both Ryton and Stoke at being "starved into submission" during the recent strikes, in the words of their senior shop stewards. But subsequent negotiations with the trade unions on changed working practices, greater flexibility in the use of labour and reduced manning levels appear to have been successful.

Leadership

"Managers report that the morale of the workforce is good to very good, and on my latest tour of the plants I found a constructive and enthusiastic approach to the incentive scheme," Mr. Turnbull says.

Mr. Turnbull has strong views about the need for leadership. "I have never been an advocate of worker participation. Ask six people and you will get at least six different answers. Management is paid to manage and to lead." But after the State rescue negotiated in late 1975, the British company experimented with various forms of "employee communication," involving the issue of company bulletins, quarterly conferences of managers and workers to examine policy, and the encouragement of trade union representatives to sit in on management discussions.

These continue admittedly in a rather low key. In addition Mr. Turnbull has strengthened the position of line management. All managers from Mr. Turnbull down to foreman have been put through a two-day course organised by the Industrial Society on "effective communication." He says: "Under the scheme we are now introducing, at least once a month every manager will have to stand on his feet and explain to his subordinates what is happening in the company and why."

The process will be initiated by Mr. Turnbull and his executive directors who will discuss issues such as production schedules, quality, productivity and finance. Briefing sessions will then continue down through the management structure with individual foremen addressing groups of perhaps 20 workers. "This will be management information conveyed by the management. Shop stewards will have the chance to ask questions. Everyone will be given the opportunity to speak."

Mr. Turnbull believes that considerable frustration has been caused particularly among middle management, because senior shop stewards were often the first to know about company policy. He rejects the criticism that his ideas are merely "fashionable" rather than likely to make a significant difference to industrial relations. "In my British Leyland days I introduced briefing groups at Austin-Morris. It is a style of management very appropriate to conditions in British industry. Management must be involved. The management structure, like a stick of Blackpool rock, might be broken at any point but it should still convey the same message."

Mr. Turnbull has reorganised the management structure to push more responsibility and authority down to plant level. Policy is still formulated at the centre, but the director at each of the seven plants now has day-to-day responsibility for the full range of functions from finance to industrial relations. The slimming down of the headquarters staff created about 200 redundancies.

The major uncertainty for Talbot this year is the future of its contract worth more than £100m a year, to supply car kits to Iran. Manufacture of the components accounts for 40 per cent of the workload at the Stoke engine factory and Iran's political troubles early last year led to protracted lay-offs and short-time working.

Production by Iran National has begun to climb in recent months and there are plans to introduce a nightshift to raise output to pre-revolution levels. Stoke is already working flat out to replenish the depleted stock of kits in transit but clearly any outbreak of unrest or trade sanctions imposed by the West would be very damaging.

The contract comes up for review this year, and though senior officials of Iran National have explored the potential for alternative sources in Europe, Talbot is confident that it will retain the work.

Plans announced nearly two years ago to build a plant in Iran to assemble the Peugeot 305 have been shelved.

In the longer term Stoke, which supplies engines and components for the UK assembly operations will have to find new work to reduce its dependence upon the Iranian order. Mr. Turnbull sees some potential on the truck side where PSA is keen to develop its Dodge commercial vehicle activities in the UK and Spain. Talks were announced last September between Dodge and DAF trucks to investigate the possibility of co-operation to increase the scale of components manufacture.

Freddie Mansfield

Mr. George Turnbull: a new management style.

Mr. Turnbull insists there is a "bright future" for the Dunstable factory where a £28.5m investment to introduce a new Dodge 50 series light truck has recently been completed. Another £4.5m has been spent on a new paint shop.

He is also confident about prospects for the car plant at Linwood in Scotland, where the Avenger and Sunbeam models are assembled. Linwood with its troubled industrial relations has been a problem in recent years but Mr. Turnbull says the performance has been good during the past six months. The real test of whether the plant can operate at levels of efficiency comparable with the continent will be in the next few weeks. The company has ended the nightshift making 1,200 workers redundant but hopes to produce almost as many cars as before.

A mass meeting of the 7,000 workers rejected a shop stewards' call for industrial action in protest at the sackings.

But it is the Ryton plant in Coventry that seems under more immediate threat unless it can consistently achieve output targets. The company said during the recent strike that productivity was as much as 30 per cent lower than at Poissy, France, where the same Alpine model is assembled. More to the point Poissy, which can produce in one shift as many cars as Ryton does in a week, is currently operating with spare capacity.

Mr. Turnbull insists that he did not join Talbot to close plants and is determined to make sure that all UK capacity is fully utilised within the next three to four years. But the size of his task in raising UK productivity to continental levels merely to maintain the company at its present size can hardly be overestimated.

Letters to the Editor

Handling the steel strike

From Mr. N. S. Brown

Sir,—As a rank and file member of the Iron and Steel Trades Confederation I expect to be soon on strike, and I would like your readers to know what I think.

They will think that employees of a bankrupt enterprise should not expect a pay rise. I agree. However, 3 per cent is not a real pay rise when inflation runs at 17 per cent and when government fiscal policies will be tailored to suit other people's wage rises. A further 3 per cent to buy out the existing guaranteed week adds nothing to the offer; it is merely an invitation to exchange one benefit for another at a very unattractive rate.

On top of 3 per cent there is offered a bonus based on "added value ratio." I like the formula and I hope it will play some part in the final settlement. If nothing else, a bargain based on added value will make BSC management accountable in some degree to its partners for the future quality of management insofar as this affects the added value.

There are two weaknesses in the formula. The first is that those works which already run most effectively have the least room for improvement and could end up with the lowest bonus. The second is that our added value is more likely to go down than up, because our prices must match those of our foreign competitors. They are strong on marketing, just as we in this country are strong on accountancy, and I fear they will cut their prices to hold their markets instead of raising them to hold their profits.

Any improvement in added value ratio (added value divided by employment costs) must therefore come from a reduction in employment costs. Presumably the estimate that this part of the offer is worth "up to 10 per cent" assumes that our added value will stay the same and that a vast redundancy programme will be implemented on schedule. Our wage rise is to be a cut in real terms of about 14 per cent unless one-third of us lose our jobs to enable the cut to be somewhat less (depending on the soundness of the BSC's present assumptions and future management) but in no case less than 5 per cent.

Do we deserve no better? Three hundred million pounds is a big loss. It comes to about £1,500 per employee. But would your own business do much better if you had to buy most things in a protected market, sell everything in an unprotected market and live with high interest rates and an expensive pound? And if it did not, could you sack a third of the workforce and still be proud of the way you had managed the business?

It is these redundancies which are the key issue. No self-respecting union can trade off 50,000 jobs casually as part of an annual wage round. The issue is too big. Closures serve no economic purpose unless the resources they release are to be re-employed; their speed should be determined by the capacity of the economy to re-employ the men displaced. This is a matter for the government, not the BSC, but the government claims that what happens in the steel industry is not its business. The only way to make it the government's business is to paralyse the whole economy by a steel strike.

Having elected a government with a mandate not to govern, let us take heed. Every industry faces massive changes under the impact of new technology. By its handling of the steel crisis the government will show what is ultimately in store for everybody.

N. S. Brown.

109A, Ashford Close North, Cwmbran, Gwent.

Put it out of its misery

From Professor D. R. Myddelton

Sir,—With the workers now on strike, might this be a suitable moment to close down British Steel for good? The fixed assets could be sold off to any profit-seeking enterprise which might be interested. With luck the net realisable assets should cover the liabilities; though the taxpayers' capital, of course, has been almost entirely lost.

I reckon that British Steel's real losses during the past five years (before interest on government loans) roughly equal the total wages paid. This staggering total—some £5,000m in January, 1980 pounds—surely represents an unparalleled record of unprofitability. The figures published in British Steel's audited accounts do not exactly correspond with mine, which allow for inflation. (The present Government unfortunately continues its political opposition to the only genuine form of inflation accounting, based on Constant Purchasing Power.)

Would the high cost of unemployment and supplementary benefits make it less expensive to keep going? Not in British Steel's case. Even if all 150,000 employees remained jobless for 12 months—which is inconceivable—the £1,000m a year loss rate would cover benefits up to £130 per person per week.

My solution would put everyone out of their misery: the workers in a depressed European industry with far too much capacity; the unions dissatisfied even with an uncommercially high wage offer; the management presiding over the disastrous results of recent years; the customers no doubt eager to buy more cheaply and reliably elsewhere; and (not least) the taxpayers required to pay the bill incurred by politicians.

It must now be apparent that Woodrow Wyatt and Desmond Donnelly were quite right in the mid 1960s to oppose the Labour Party's renationalisation of the steel industry. Those who voted for it in Parliament were responsible for an extremely expensive piece of socialist dogma. Indeed, would it not be a gracious gesture if the 250 or so surviving Labour politicians of that era were to contribute to the public exchequer their personal share of the last five years' British Steel losses—say £20m each?

D. R. Myddelton.

Cranfield School of Management, Cranfield, Bedford.

Subsidised inefficiency

From Mr. D. J. Lewis.

Sir, — It is to be hoped that both the Government and the British Steel Corporation will have the courage of their convictions in connection with the current dispute and not offer wage increases which clearly can only come by way of massive further Government subsidies. The efforts to modernise the steel industry involving closures and redundancies clearly bring about social upheaval and it is right and proper for the community to accept responsibility for this through State benefits and other Government action in retraining, reallocation of factories as well as direct unemployment pay.

There is, however, a clear distinction to be made in the obligation of the Government towards nationalised industries which provide essential services and those nationalised industries which are producing products which are in direct competition with either local or more importantly overseas producers. In the former case there is a clear requirement to subsidise in order to maintain an essential service such as the supply of electricity to outlying areas, rail or bus services to rural communities, supply of gas, etc. As regards the latter, continuing subsidies accentuate relative inefficiencies. It is misconceived to argue that the steel industry is in a worldwide recession therefore the Government should continue to subsidise until the recession lifts and demand increases. When demand increases, it will increase to the benefit of all producers, not just the British steel industry.

If an inefficient industry continues to receive subsidies, it will perpetuate the inefficiencies and deepen them. When demand increases, overseas producers who are more efficient will merely increase their share of the market because their goods will be that much cheaper and that much better.

If it is then argued that certain industries shall be directed only to the British Steel product, then the purchasers, whether they be British Leyland or any other major home producer, will then perpetuate their own relative price disadvantage because they will be buying their raw materials at a greater cost than their competitors and thus the vicious circle will continue. The steel industry in Britain, as with shipbuilding, has become inefficient and is not suited to current markets. It is impossible to hide from this without import controls and all that go with them.

The pressure for massive wage increases within the steel industry which can only be paid for by Government subsidy, thus reducing still further the net wealth-creating process in this country, has to be resisted albeit in a humane way through provision of fair and proper assistance to those who are initially affected within the steel industry. If it is allowed to continue on a loss-making basis it will merely lose further and further against its competitors and the process will become infinitely more expensive and ultimately lead to an even greater disaster than the immediate problem of the strike that is now upon us. Hopefully the degree of co-operation showed by workers at British Leyland will, in due course, be followed by those responsible for the workforce in the steel industry. A ballot of the workforce would, however, be instructive.

D. J. Lewis.

76, Gloucester Place, W1.

Anti-smoking campaigns

From Dr. J. C. Lees

Sir,—Your science correspondent deplores (December 27) that "inexplicably, society sees no need for laws to try to prevent people killing themselves at the pastime of smoking...."

Here are two suggestions for convincing our legislators of the need.

First, those at the Ministry who publicly advise Parliament on how to prevent 80,000 deaths a year, and whose advice is ignored, should try the effect of publicly resigning their office for conscience sake.

Second, the tobacco companies might be taken before a judge and jury—after finding scientists willing to be cross-examined by these hair splitting lawyers.

Your correspondent also says, about New Smoking Material, that "the one serious attempt ... to introduce a safer cigarette was killed by ASH."

The companies (Imperial and ICI) keep tight lipped to outsiders and maintain that their motivation was entirely commercial, but no doubt there was an admixture of altruism, company pride and a hope of appeasing their tormentors.

What seems to have happened was this. They started off with some reasonable assumptions — that they could depend on the goodwill of the authorities, that the health hazards of smoking were established scientifically beyond question, and that experience had shown that when drug firm chemists were given a clear remit to find the chemical that best satisfied some test whose technique and significance was also given, then usually with skill and patience that chemical would be discovered.

Only later did they realise the appalling difficulties of the problem. They had to satisfy a Government appointed advisory committee of the suitability of the resultant product.

They had to identify and keep the unknown addictive factor that made people smoke—otherwise the public would not buy. They had to identify, isolate and eliminate the unknown factor that caused cancer.

They had to identify, isolate and eliminate the unknown factors that caused heart attacks, atheromatous diseases, thrombosis and bronchitis, each acting through unknown pathways among unknown pathology.

To achieve this they were given only some garbled statistics that many competent people have found incredible, and some unreliable, competing and cumbersome tests for carcinogenicity but not for the causes of the other diseases. They had to cope with a monitoring committee —the Hunter Committee —who seemed to have been as bewildered as themselves, perhaps more so, and also with another Government appointment, the Health Education Council, who, with all the fatuity of their kind, were not to be satisfied with anything less than a guaranteed, completely safe cigarette.

In the end, after delay and recrimination, a cigarette with 20 per cent New Smoking Material was marketed, and on which the Government refused to give relief from excise duty. The public did not see why it should pay full price for a cancerette that contained only 80 per cent tobacco and the whole exercise was a flop. The companies withdrew in what with non-corporate mortals would be called the huff. They had been asked to solve the cancer problem, the heart problem and most of the artery problem, and had done their best and had spent £100m of their shareholders' money. They had failed but felt that they deserved sympathy for trying.

And so, for practical purposes, the anti-smoking campaign ended with the background of farce that had never been far away since the Medical Research Council endorsed the thesis that the cause of lung cancer had been found, complete and at one go, by sending out a postal questionnaire to doctors on their smoking habits, and since the British tobacco companies accepted meekly that they lived by selling a deadly poison, but kept on selling it. They have had to pay dearly for that folly, but no one comes out of this bizarre episode in our social history with credit, except perhaps the House of Commons, and certainly not the Press who are supposed to protect us from Establishment humbug but clearly do not.

J. C. Lees.

9, Panha, Dysart, Fife.

Advertising agencies

From Mr. J. Sutherland

Sir,—Having read Michael Thompson-Noel's article on advertising in 1979 (December 27), I see no reason at all why he should prefer the views of the men who run advertising agencies to those of eight old ladies in Wapping.

Advertising agents are an odd, narcissistic lot, obsessed not by what the customers think of their ads, but what other agencies think. Typical of the way they have to prop each other up is the comment by Martin Boase—"Our work was terrific." Several of the other executives talk about a new surrealist approach to advertising, and Mr. Rubins tells us that he thought Players No. 6 shows us a textbook case of low IQ surrealism — what on earth would the eight old ladies make of that?

Sir, British industry should wake up to the fact that many advertising agencies are parasites, breeding on the ignorance and apathy of their customers. Advertising is not the esoteric thing they make it out to be. It's just a matter of finding out what appeals to people, and acting accordingly.

J. D. Sutherland.

41, Westella Way, Kirkella, Hull.

UK COMPANY NEWS

Reshaping costs depress Electronic Rentals

AS IN the second six months of 1978/79, the pre-tax profit performance of Electronic Rentals Group was depressed in the first half of the current year hy integration and rationalisation costs related to the acquisition of television rental assets from British Relay Wireless and Television.

Profit for the half year to September 30, 1979, fell from £8.71m to £5.61m, after exceptional costs of £3.47m, against £170,000, though turnover advaoced £31m to £87m.

Tax, little changed at £815,000 (£832,000) left stated earnings per 25p share down 0.7p at 4.8p before an extraordinary debits of £2.67m (£62,000 credit).

However the net interim dividend is effectively raised from 1.11665p to 1.1667p and the Board still intends to pay a final to keep the total in line with the 6.1567p gross, on increased capital, forecast in last year's annual report.

Last year the company paid a net total equivalent to 3.003p from profits which were a record £14.71m (£13.7m) despite exceptional costs of £3.45m (£306,000).

The extraordinary item at half-time comprises mainly good-will arising from the consolidation of the previously associated Australian television rental operation which has been written off according to the group's accounting policy.

The trading surplus was ahead at £36.67m (£23.31m) before depreciation and interest sharply up from £14.43m to £27.58m.

A divisional analysis of turnover and the £9.08m (£8.88m) profit before exceptional costs shows, in £000s: UK rentals £55,055 (£32,929) and £8,266 (£8,009); nverseas rentals £9,963 (£5,326) and £927 (£569); retailing £3,927 (£3,344) and £131 (£117); camping and leisure, including 9 months of Lapland, £17,459 (£13,559) and £17 (£120); property £75 (£55) and £35 (£135); miscellaneous £420 (£350) and loss £172 (£139); less holding company costs of £120 (surplus £70).

Electronic Rentals acquired the television-rental and relay interest of BRW from Lloyds and Scottish in Decemher 1978 for some £60m. At that time tha Board said that the acquisition and the integration of this business would envitahly entail rationalisation wbich would lead to hranch closures and redundancies.

See Lex

HIGHLIGHTS

The Lex column takes a look at the developing turmoil in the gold and currency markets. On the companies front Electronic Rentals produces some disappointing half-time figures showing a fall in pre-tax profits from £8.7m to £5.6m. Exceptional costs of reorganising British Relay Wireless are largely to blame. Fodens' half-time outcome is far from impressive. The profit and loss account has collapsed into the red, thougb the company blames the engineering strike and profits, it says, are on the way. On the inside pages there is a comment on the Howden Group's figures.

£1.7m first half loss, but Fodens expects recovery

WITH EXPECTATIONS of a break-even position dasbed by the engineering strike and high interest rates, commercial vehicle builder Fodens sustained pre-tax losses of £1.73m in the 28 weeks to October 13, 1979, compared with a profit of £98,000.

But the result should not be taken as indicative of underlying progress, say tha directors. Since the strike the company has been operating profitably, and they expect it to continue to do so, although second balf achievements are unlikely to balance the loss now reported.

Last year there was a pre-tax deficit of £562,000 following second-half losses of £660,000.

Although turnover advanced from £23.22m to £28.55m, there was a trading loss of £757,000 (£709,000 profit). Interest charges rose sharply from £611,000 to £969,000, but there was again no tax charge.

Tha engineering strike took the company to the limit of its financial resources, say the directors, but it was just able to pull through, and the position is now easing dne to increased deliveries and the closing down nf gearbox manufacture.

Order hooks are good and production steadily increasing, they add, and the company's share of the UK vehicle market improving.

After minorities' losses of £60,000 (£22,000), an exchange deficit nf £27,000 (£8,000) and an extraordinary debit of £93,000 (nil), the attributable loss emerges at £1.79m, compared with a profit of £112,000. The stated loss per 50p ahare, befnre the exchange deficit and extraordinary debit, is 8.1p (0.4p earnings).

In his annual statement, Mr. L. J. Tolley, the chairman, described last year's result as very disappointing. Main factors contributing to the loss were a severe slow-down in Middle East exports and a shortfall in specialised vehicle sales before the company could be ready with its new range. High interest and losses in South Africa, coupled with the transport strike, prevented an expected second balf improvement.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Birmingham Pallet	2.5	March 3	4.25	3.5	6.25
Electronic Rentals	1.17	Feb. 28	1.12†	—	3.0‡
Howden Group ...... int.	1.33	—	1.33*	—	3.13*
KCA International ...int.	2	Feb. 15	0.3	—	1
F. H. Tomkins ...... int.	0.58	April 1	0.5	—	1.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ After scrip and consolidation.

KCA steps up interim to 2p

KCA International, the oil services group, has boosted its 1979 interim dividend from 0.3p to 2p—last year's total was 1p. Mr. Panl Bristol, the chairman, says the increase marks KCA's return to the payment of "ordinary, sensible dividends" after three years in which Algerian losses forced the declaration of nil or nominal payments.

The group's interim figures were announced in August—taxable profits fell to £1.01m (£1.41m). Mr. Bristol expects that, from this year, KCA will revert to the normal practice of declaring dividends together with figures.

He adds that "during the latter part of the year, trading has continued satisfactorily and the realisation of substantial assets has considerably strengthened the balance sheet."

Mr. Bristol says that, in addition to the £7m or £8m realised through asset sales in the past few weeks, KCA hopes to raise between £3m and £4m througb its plan to hive off oil exploration interests into a new company trading undar Stock Exchange Rule 163 (3). Details of the new equity operation should be announced in about tbree weeks, according to Mr. Bristol.

Mr. Bristol also says KCA is planning to strengthen its North American operations through acquisitions in Texas and the Rocky Mountains. He expects the deals to be fairly concrete within a couple of months and hopes they will give the group around 20 rigs in North America this year.

Redman Heenan's spending

CAPITAL expenditure at Redman Heenan International, specialised engineering group, rose by £2m to £3.1m during the year ended September 30, 1979.

The figure involved £1.4m in new plant and machinery and £1.7m in land and buildings including a new factory for Heenan Drives. In addition, a major new husiness computer facility was installed on the Worcester site.

As reported December 20, pre-tax profits moved ahead by 21 per cent to £3.41m, on turnover of £45.54m (£34.22m).

On a CCA basis, profits before tax for tbe year were an adjusted £2.58m (£2m).

At the year-end, group fixed assets reached £13.3m against £8.25m.

Strike-free overseas operations helps Howden pass £3m

PRE-TAX PROFITS of the Howden Group, engioeer, moved up from £2.87m to £3.02m in the six months to October 31, 1979. After deducting tax, attributable profits are £1.69m, against £1.38m.

An unchanged interim dividend of 1.33p is payable—last year's total was equivalent to 3.13p from pre-tax profits of £6.7m.

The group's overseas operations, which account for 60 per cent of its turnover, were not affected by the engineering strike. UK operations were however affected, but Sir Norman Elliott, the chairman, says delayed production should be made up by the end of the financial year, April 30, 1980.

The order book is healthy and it is expected that results for the full year will show an increase over last year.

comment

Under normal circumstances—if normal conditions ever return to the engineering sector—Howden would be a useful buy at 60p. The historic p/e (on a 38 per ceot tax charge) is 3.9 and a repeated dividend on the increased capital would yield 7.6 per cent. More importantly, the group has secured a wide geographical spread of business and orders for major new AGR power stations are in the offing. Having won the design contracts for Heysham "B" and Torness, it would be surprising if Howden's negotiators did not land the hardware orders as well. That would boost the UK turnover contribution over the first half of the new decade although the group is sufficiently confident about its ability to compete successfully in nverseas markets to maintain the current proportionate weighting of non-UK turnover. The 5 per cent interim pre-tax advance indicates that Howden was reasonably immune to the national engineering dispute in which work was deferred rather than irrevocably lost. But Howden is heavily dependent on BSC and the effects of a prolonged steel strike would start to bite towards the close of tha financial year. All that may be reasonably said at this stage is that the balance sheet is comfortable and the prospective order position is encouraging.

Birmingham Pallet dives: cuts payment

SHARPLY LOWER profits and a reduced dividend are reported by the directors of Birmingham Pallet Group, engineer, for the year to October 31, 1979.

Pre-tax profits tumbled from £278,310 to £87,058. The net total dividend is cut to 3.5p (6.25p), with a reduced final of 2.5p.

At midway, the surplus was down from £121,000 to £33,000. The directors warned that, although some improvement was expected in the second balf, they did oot expect the group to return to earlier profit levels before next year.

Turnover fnr the period totalled £3.4m, compared with £3.2m. After tax of £36,990 (£148,000), stated earnings per 10p share fell from 12.78p to 4.91p.

Attributable profit cama through at £74,015 (£130,310), after an extraordinary credit this time of £23,947, representing a gain, less tax, on insurance replacement of fixed assets.

F. Tomkins improves in first half

AN IMPROVEMENT in taxable profits from £717,000 to £829,000 is reported by F. H. Tomkins, manufacturer of buckles, nuts and bolts and hright drawn steel, for the six months to October 31, 1979. Turnover went ahead from £8.75m to £10m.

The group is trading satisfactorily, say the directors, but the feel unable to make a second half forecast in the light of the economic climate and the present position of the steel industry.

Tbe interim dividend is increased, as forecast, to 0.575p (0.5p)—a final of 0.65p was paid last year, when total profits reached a record £1.77m (£1.47m).

Six mooths' tax takes £434,000, against £375,000.

Pilkington acceptances

Acceptances of the 31.14m new ordinary shares in Pilkington Brothers offered by way of rights amounted to almost 74 per cent.

The shares not taken up have been sold through J. Henry Schroder Wagg at a net premium of abont ½p per share above the issue price of 200p. Proceeds of the issue totalled £60.3m.

Dealings in the new shares fully paid continue in renounceable form and the last date for registration of renunciation is February 1.

Peachey in mood for acquisitions

APART FROM pursuing investment and development opportunities Peachey Property Corporation may also consider acquiring suitable portfolios and companies, Lord Mais, the chairman told the annual meeting.

He added that thougb the economic climate was not helpful the company was well placed to move forward and to look to the future with increasing confidence.

For the year to June 24, 1979, Peachey, as known, lifted taxable profit from £1.9m to £2.87m with profit on trading property sales np £1.82m against £1.41m.

GALLAHER IN UK

The Gallaher Gronp has formed Gallaher Tobacco, a management company to control its UK tobacco husiness.

Brockhouse looking to resume profit growth this year

Subject to any widespread national disruption in the year ahead, Brockhouse, industrial holding company, is set to pursue tha profit improvement denied it in 1979, says Mr. R. J. H. Parkes, the chairman, in his annnal statement.

In value terms, the group's order book to date is highar than at the sama time last year, but the market-place is still suffering from the aftermath of the recent engineers' strike.

As reported Novemher 23, for the year ended Septemher 30, 1979, pre-tax profits dropped from £3.54m to £2.51m on little changed sales of £70.1m (£69.4m). The engineers' dispute is estimated to hava cost tha group aronnd £1m, while tbe transport strike and other disruptions last winter accounted for some £100,000 in lost profits.

Although affected by strikes and a strong pound, exports amounted to 17.7 per cent of home productioo. The group will continue to give priority to this part of its activity, the chairman states.

He says that in North America production capacity has been expanded in all companies with gratifying results. Plans are almost complete for building a further plant in the U.S. to increase market penetration.

Expenditure on plant and machinery and huildings totalled £3.1m dnring the year, a little less than anticipated dne to the late delivery of some machinery. Investment of £1.3m has already been approved for the 1979-80 year, which it is expected will be increased to £2.8m. In addition, the new U.S. factory will cost some $1.8m. Mr. Parkes says resources are sufficient to meet this programme.

The group's steel division performed well in the 1978-79 year, he says, thus fully justifying past capital expenditure.

Meeting, West Bromwich, January 31, noon.

CAPARO NOW HOLDS 45.5% OF EPI

Caparo, the Indian owned group, bas increased its stake in Empire Plantations and Investments to 45.51 per cent following purchases in the market.

Last month Caparo announced that it had 43.48 per cent of Empire and under the Takeover Panel rules was obliged to make an offer for the rest of the capital.

N. M. Rothschild yesterday bought 125,000 Empire shares on hehalf of Caparo at 24p.

Empire announced yesterday that it had picked np more of its shares. De Zoete and Bevan purchased 10,000 on behalf of an associate of Empire.

Empire's purchases in the market total under 50,000 hut together with directors' holdings and other share interests this represents some 23 per cent of the ordinary capital committed against the bid.

Outlook at J. A. Devenish

If volume increases are unlikely in the current year then at J. A. Devenish and Co. improved results can only arise from price increases and even greater care with limiting rises in costs, says Mr. A. E. Ledger Hill, chairman of the Weymouth-based hrewer.

In the 52 weeks ended September 28, 1979, the group reported pre-tax profits of £1.53m compared with £1.37m from turnover of £15.1m against £14.16m.

Overall, the group's own brewed beer sales increased by 2 per cent while sales nf wines and spirits continned to make a substantial contribution tn profits, the chairman says.

Traditional draught beer now makes up half the group's own beer sales and nf this 20 per cent is sold to the free trade. Grunhalle D.B., a bottled lager, brewed by Devenish by arrangement with Grunhalle Lager International, is also selling well.

Of the group'a 373 public houses, 27 are managed and the profit contribution from retailing bas considerahly increased, says Mr. Ledger Hill.

Cash halances net of overdrafts at the year-end amounted to £35,546 compared with £193,314. Capital expenditure has been funded mainly from the group'a own cash flow and overdraft facilities with the clearing banks adequately covering the seasonal fluctuation in the cash position.

At November 30, Whitbread Investment Company beld 25.61 per cent of the Devenisb ordinary and Outwich Investment Trust, 5.43 per cent. Meeting, Weymouth, January 23, at 12.30 pm.

LAND AND MERCANTILE

The balance in tha hands of the liquidator of Land and Mercantile Securities amounted to £20,225 at July 6, 1979. A meeting of creditors will be beld on January 15.

Tha liquidator is still awaiting Court of Session authority to have his accounts audited, his remnneration fixed and for anthority to pay a dividend.

ASSOC. BRITISH ENGINEERING

Associated British Engineering is to pay, on February 22, the arrears of preference dividend amounting to £176,760 net, to holders of the 7 per cent (now 4.9 per cent) cumulative preference shares.

SPAIN

January 3	Price %	+ or −
Banco Bilbao	212	
Banco Central	230	
Banco Exterior	220	
Banco Hispano	220	
Banco Ind. Cat.	137	
Banco Madrid	175	
Banco Santander	250	
Banco Urquijo	190	
Banco Vizcaya	218	
Banco Zaragoza	205	
Dragados	100	
Espanola Zinc	60	
Fecsa	53.2	−1.3
Gal. Preciados	26.7	+1.7
Hidrola	59.7	+1.0
Iberduero	57.5	−0.5
Petroleos	112.5	−0.5
Petroliber	73	
Sogefisa	115	
Telefonica	54	−1
Union Elect.	59	−2.2

UK COMPANY NEWS

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NEW LIFE BUSINESS

Norwich Union life and pensions sales up 19%

AN INCREASE of 19 per cent in worldwide sales of life and pensions business last year is reported by the Norwich Union Insurance Group. New annual premiums improved from £53m to £63m, while sums assured advanced from £2.39bn to £2.78bn.

On UK business, new annual premiums for ordinary life business were 12 per cent higher at £20.4m against £18m in 1978. Business in connection with mortgage repayment improved, boosted by the company's involvement in the top-up mortgage market.

New annual premiums for pensions in 1979 increased by 29 per cent from £24m to £31m. Sales of executive and self-employed pensions were buoyant. Annual premiums on executive pensions improved by over 30 per cent from £6.7m to £8.8m and on self-employed by 23 per cent from £1.7m to £2.1m.

However, single premium business was lower last year at £31m against £35.5m in 1978. The decline came entirely from a drop on linked bond sales, which fell from £19.9m to £14.3m. Single premium executive pensions rose by 20 per cent to £4.1m and self-employed by over 60 per cent from £2.3m to £3.7m.

The company's linked life market had a successful year for regular premium business, although this still remains comparatively small. Annual premiums double from £223,000 to £488,000 boosted by the launch of the new maximum investment plan.

Substantial increases in the reversionary bonus rates for 1979 are announced. In addition the company is making a special bonus payment for the year.

On UK life policies, the reversionary bonus rate is being lifted from £41 per £1,000 to £43 per £1,000 of the sum assured and attaching bonuses. For policies issued before 1965, the rate for *endowments is improved* from £55 per £1,000 to £62.50 per £1,000 of the sum assured, and *from £60 to £72.50 per £1,000 for* whole life policies.

The special bonus—the fourth in 16 years—applies to policies taken out before 1975, and varies from £10 to £430 per £1,000 sum assured depending on how long the policy has been in force.

The *special* bonus represents a capitalisation of part of the terminal bonus paid when the policy *matures* or *becomes* a death claim. Terminal bonuses will continue to be paid, but on a lower scale than *previously.*

The *company has also* increased its bonuses on pension policies, and these will also receive the special bonus.

Commenting on the bonus changes, Mr. Victor Hughff, general manager and Actuary of Norwich Union Life, stated that the company had continued to invest in gilts at yields higher than expected, while the growth in equity dividends and property rents had been higher than assumed.

Investment income had doubled in the past four years and for many years the fund had a high proportion of its investments in equities and property. The flexible bonus system enabled the company to share the benefits more fairly among policyholders.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim:—
S. Paradiso.

FUTURE DATES

Interims:—	
Group Investors	Jan. 15
Heron Motor	Jan. 11
Hogg Robinson	Jan. 9
Hollas	Jan. 9
Samuel (H.)	Jan. 7
Finals:—	
Grange Trust	Jan. 11
Lowe (Robert H.)	Jan. 11

Matthew Brown sees slowdown

PROFIT IMPROVEMENTS in the current year at Matthew Brown and Co., brewer, are expected to be at a significantly lower rate than in 1978-79, says Mr. Cyril Ainscough, the chairman, in his annual statement.

As already known, taxable profits for the year ended September 29, 1979 rose over 16 per cent to £4.13m, on turnover some 14 per cent higher at £22.8m.

Mr. Ainscough says 1980 does not look likely *to be a boom* year. All the national and international anxieties looming ahead *seem to be constraining the public's* spending power, at least in the short-term, he states, which will *further intensify* competition in the industry.

This year money will be spent on the wine and spirit division, which achieved a volume growth in 1978-79 of almost 12 per cent and produced a satisfactory increased contribution to group profits. It is believed that there is good scope for further expansion here, but the chairman explains that a restructure and expansion of facilities is a necessary preliminary.

The success of the introduction of wide-mouthed bottles for its *beer products for the* take-home trade is spurring the group to assess the scope for a *much larger throughput in this* form, in order to further improve contributions from the bottling hall. Some other group products are also being looked at, particularly non-alcoholic drinks.

The most significant single outlay of capital expenditure during the year was on the extensions to the Trafalgar Hotel, near Preston. Although it was originally hoped for a November opening, last winter's weather and supply problems caused delays and it is now expected to be fully functioning in March, 1980.

Sales of the group's Slalom lager expanded by over 15 per cent during the 1978-79 year.

Prices of all the group's beer products are to be raised in the New Year.

Current cost accounts show an adjusted pre-tax profit of £3.31m (£2.94m) for the year.

Meeting, Samlesbury, January 31, noon.

Good year for Albany Life

An extremely successful year for new business is reported by Albany Life Assurance Company, a wholly owned subsidiary of American General Group. New annual premiums advanced by over 50 per cent from £2.77m to £4.28m, while single premiums were three times higher at £36.8m, against £9.8m.

The company's main sales thrust has been in the direction of annual premium business, especially in director and executive pension schemes. Annual premiums rose by nearly 80 per cent to £2.4m and basic savings plans rose from £277,000 to £779,000. Premiums on self-employed contracts rose slightly from £982,000 to £998,000.

The successful single premium results were *boosted by the* marketing of high income bonds of which £11m were sold in 1979. These bonds *offer high returns* making use of tax relief for life assurance premiums. Sales of linked life bonds *were* also firm last year.

Over half the new money received in 1979 was invested in the fixed-interest funds, with a further one-quarter in equities. Property accounted for 11 per cent and guaranteed money a further 10 per cent. About 60 per cent of the business in 1979 came from insurance brokers, the remainder from direct selling.

SCOTTISH LIFE

The Scottish Life Assurance Company recorded a 6 per cent improvement last year in new annual premium business from £9.6m to £10.2m. Ordinary life business improved marginally from £3.4m to £3.5m, as did individual pension business from £700,000 to £800,000. Group pensions business rose 7 per cent from £5.5m to £5.9m.

The company was disappointed with its single premium business in 1979 which declined by over 20 per cent from £11.5m to £9m. Ordinary life business was £2.2m against £3.7m, while group single premiums fell from £6.2m to £1.5m. But individual pension arrangements showed strong growth from £1.6m to £5.3m.

Net new sums assured rose by 9 per cent from £338m to £370m.

BIDS AND DEALS

Fairey moves back into Europe with £0.9m Dutch acquisition

Fairey Holdings, owned by the National Enterprise Board, is buying a small Dutch filter company in its first move into Europe since *problems* in Belgium led it into receivership over two years ago.

It is paying $2m (£900,000) cash for Arlon BV of Arnhem, the low pressure filter-making subsidiary of Chromalloy American Corporation of St. Louis.

Mr. Kenneth Bacon, Fairey's group *chief executive, said* the purchase of Arlon, which has a turnover of around £2.5m, was part of Fairey's general strategy of expanding in the U.S. and Europe.

Fairey said *last month* that it planned to open up in the U.S. and Mr. Bacon said the opportunity to purchase Arlon arose during the search for acquisitions in America.

"Our strategy is to build up our activities overseas," he said. The Arlon industrial filter range will complement *that of Fairey* Filtration, and the Dutch company's plant will also provide Fairey with manufacturing capacity in Europe.

In October, 1977, the Fairey aviation and *engineering group* had to go into receivership after the insolvency of its Belgian subsidiary, Fairey SA. Until the latest move, the surviving group in the form of Fairey Holdings had no operation in Europe, Mr. Bacon said.

He said that Fairey's 1979 figures *would* be *out in* a month or *so.* While declining to indicate what they might be—the *1978 pre-tax profit was £5.5m*—he said "we had another satisfactory year." It has been assumed that *Fairey will form* part of the asset sales now being considered by the *NEB.*

DALGETY CONTROLS 94% OF SPILLERS

Dalgety announces that acceptances have been received in respect of its offers for Spillers from holders of 91.7 per cent of the ordinary and 97.8 per cent of the preference shares. *Dalgety* now controls 94 per cent of the ordinary capital.

Statutory *notices* will be despatched in due course to enable Dalgety to acquire compulsorily *the remaining shares.*

THORN EXPANSION

Thorn Electrical Industries has developed its overseas catering equipment manufacturing interests with the *expansion* in the U.S. and *France* of Crypto-Peerless—its Birmingham-based subsidiary which makes commercial food processing and glass and dish washing equipment.

Crypto-Peerless has bought G. S. Blakeslee Company of Chicago, and Toronto and a 50 per cent shareholding in the French company Dito Sama—with the intention *of acquiring* a controlling interest within the next 18 months.

Blakeslee, which began manufacturing commercial dishwashing systems in 1880, now also makes and markets machines for the food service industry. It has *a turnover of $16m. Dito Sama* makes a range of kitchen machines.

The *two companies* have had trading links with Crypto-Peerless for some time.

MILTON TIMBER TO BUY J. R. LUCEY

New Milton Timber and Trading, a subsidiary of Cawdaw Industrial Holdings, is to acquire *J. R. Lucey which* has three retail outlets in the Southampton area.

The total consideration amounts to £165,000 of which £125,000 is to be satisfied by the issue of Cawdaw ordinary shares and the balance in cash.

The value of the assets being acquired amounts to some £165,000 and the average net pretax profits for the two years to December 31, *1978, amounts* to £26,394 per annum.

CROSSFRIARS TST. BUYS 30% STAKE IN HARRISON COWLEY

A 30 per cent interest in Harrison Cowley (Holdings) has been bought for some £800,000 by Crossfriars Trust, an investment trust managed by Robert Fleming, the merchant banking group. Control of the Harrison Cowley *(Holdings)* Group remains with the directors and employees.

"We were approached by Flemings *on* behalf of Crossfriars Trust which was looking for investments in unquoted growth companies," explains Mr. David Harrison, the chairman.

Harrison Cowley (Holdings) is the parent company of the *largest* UK advertising group outside London. Forecast sales for the 1979 year are £16m—equating with grossed up billings of £19m—with a projected profit *before* tax of not less than £725,000.

MANN GROUP TRUST SHARE DISPOSAL

In a joint deal with the Industrial and Commercial *Finance Corporation* and *Estate* Duties Investment Trust (EDITH), 35 per cent of the equity of *Mann and Son*, London (Holdings) has been sold by the family trust for tax planning *purposes.*

Total value of the transaction is £787,500 equally shared between ICFC and EDITH.

The Mann Group, with a turnover of £17.8m last year, is a major shipper of cars and components for BL, Ford and General Motors and also operates container and trailer *services.*

EDITH purchases minority stakes in unlisted companies, *enabling* shareholders to raise sufficient cash to meet tax and other personal liabilities without having to sell control.

ICFC is the major source of long term finance for the small and medium-sized UK company.

MANOR NATIONAL AND CGSB

The offer by Manor National *Group Motors for CGSB Holdings* has been declared unconditional. Acceptances have been received in respect of all 63,000 preference shares and 91.7 per cent of ordinary shares. The ordinary *offer* remains open until further notice.

A resolution concerning the reorganisation of CGSB's capital *was approved* at the EGM.

BANK RETURN

	Wednesday Jan. 2, 1980	Increase (+) or *Decrease* (—) for week
BANKING DEPARTMENT		
	£	£
Liabilities		
Capital	14,553,000	—
Public Deposits	33,037,844	+ 7,384,066
Special Deposits	649,245,000	— 770,000
Bankers Deposits	633,765,206	+ 186,775,849
Reserves & other Accounts	685,238,186	— 44,763,587
	2,115,839,236	+ 127,576,328
ASSETS		
Government Securities	1,672,543,324	+ 141,865,000
Advances & Other Accounts	170,143,821	+ 5,845,175
Premises Equipment & Other Secs.	244,868,359	— 23,634,311
Notes	28,035,105	+ 3,503,550
Coin	251,627	— 5,084
	2,115,839,236	+ 127,576,328
ISSUE DEPARTMENT		
	£	£
Liabilities		
Notes issued	10,450,000,000	— 325,000,000
In Circulation	10,421,966,895	— 328,505,550
In Banking Department	28,035,105	+ 3,503,550
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,869,450,264	— 449,987,610
Other Securities	1,569,534,636	+ 124,987,610
	10,450,000,000	— 325,000,000

MINING NEWS

Kennecott has a strong quarter

BY KENNETH MARSTON, MINING EDITOR

A SHARP advance in fourth-quarter 1979 earnings of Kennecott Copper, one of America's largest copper producers, is forecast by Mr. Thomas D. Barlow, the chairman and president. He puts fourth-quarter earings at $1.45 to $1.55 (65p-69p) per share compared with 71 cents in the third quarter.

This would lift the year's total net income to between $3.80 and $3.90 per share against a mere 15 cents in the poor 1978 year. The recovery reflects the improved prices for copper, molybdenum and other metals.

Mr. Barlow pointed out that every 1-cent per pound rise in the price of copper increases Kennecott's net earnings by 17 cents per share, reports AP-Dow Jones. Copper has risen from 85 cents in mid-October to 110 cents and Mr. Barlow said that the company's earnings have also been helped by "a nearly strike-free fourth quarter."

He maintained his opinion that Kennecott would be able to earn some $12 to $15 per share in the mid-1980s, but be warned that the cost of energy and labour were the two major unknown factors overshadowing the industry this year.

The U.S. District Court in San Francisco has ruled that Homestake Mining was not obligated to deliver uranium to Westinghouse Electric Corporation under a 1974 contract.

Westinghouse had filed a suit against Homestake seeking damages of $14.9m (£6.7m) because of an alleged breach of contract covering the delivery of 450,000 lbs of uranium oxide at an average price of $7.81 per lb.

Homestake said the Court ruled that the company was excused from performance under the express terms of the 1974 contract. The Court also ruled that Westinghouse's counter-claim for breach of contract was without merit. Homestake said it sold the 450,000 lbs of uranium in 1977 and 1978.

He looked forward to substantially increased income from the company's gold and silver by-product output. Last year Kennecott produced 250,000 oz of gold but income did not fully benefit from the advancing metal price because much of the bullion was sold forward at fixed prices.

The Carborundum Company, acquired for $571m in 1977, increased earnings by only "10 per cent or less" last year with the result that its contribution to the parent's profits fell to 25-30 per cent from 60 per cent in 1978.

The subsidiary's earnings were dampened by strikes abroad and at its Niagara plant while fierce market competition was provided by European abrasives manufacturers. Mr. Barrow said that some of Carborundum's 18 European plants might cease making some products, "we don't have to make everything, everywhere."

Mr. Barrow also disclosed that Kennecott has signed a $300m line of revolving credit with a 24-bank syndicate to replace an earlier line of credit for $250m. Meanwhile, the company faces this year the renewal of U.S. copper industry union wage contracts which expire on June 30.

AUSTRALIA MAY STUDY URANIUM ENRICHMENT

A group of four Australian mining companies has agreed to set up a joint venture to look into whether a feasibility study should be carried out on the possibilities of establishing an Australian uranium enrichment industry, according to the Australian Government.

The venture will be known as the Uranium Enrichment Group of Australia. It will comprise: **Broken Hill Proprietary, CSR, Western Mining and Peko-Wallsend** which will each have an interest of 25 per cent.

ROUND-UP

The Malaysian-registered **Tongkah Harbour Tin Dredging's** proposals for transferring its assets to **Tongkah Harbour Limited**, a new company registered in Thailand, have been passed at the extraordinary meeting. This was despite a higher, but tentative offer from **Associated Mines (Thailand)** which was considered to have its shortcomings. The reconstruction enables Tongkah Harbour to renew its tin mining leases in Thailand which expire between now and 1988.

* * *

Consolidated Gold Fields Australia announces that, the necessary government consent having been given, the sale of its total interest in **Bellambi Coal** to **Shell of Australia and McIlwraith McEachern** was completed on December 28 for a consideration of A$19.17m (£9.58m).

* * *

A compensation trade agreement on diamond processing has been signed in Peking between Chinese and West German concerns, the Chinese news agency Xinhua reported. The agreement, to process about 60,000 carats of diamond articles a year, was signed between two Chinese corporations and V. K. Narasimhah of West Germany, it said.

* * *

Five black miners have been killed in a roof-fall at a colliery at Witbank, east of Johannesburg. The accident occurred at the Phoenix Colliery, owned by Johannesburg Consolidated Investment.

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CURRENCIES, MONEY and GOLD

Support for $

The dollar finished only slightly weaker against major currencies in general thanks to intervention by central banks in the foreign exchange market yesterday. During the morning the U.S. currency plunged to a record low of DM 1.6990 against the D-mark but was then pushed up by the German Bundesbank, with the U.S. Federal Reserve taking over to assist the dollar in the afternoon. It closed at DM 1.7105, compared with DM 1.7130 on Wednesday, and was also slightly down in terms of the Swiss franc at SwFr 1.5710, compared with SwFr 1.5770 previously. In early trading the dollar fell to SwFr 1.5615 but picked up on support from the Swiss National Bank. According to the Bank of England the dollar's trade-weighted index fell to 84.5 from 84.6.

The Bank of England may have also intervened to assist the dollar when sterling rose to a high point of $2.2555-2.2565 in the morning, after opening at $2.2445-2.2455. As the U.S. unit improved the pound fell to $2.2380-2.2390 in the afternoon, and closed at $2.2395-2.2405, a fall of 20 points on the day. Sterling's trade-weighted index, on Bank of England figures, rose to 70.5 from 70.2, after standing at 70.2 at noon and 70.6 in the morning.

NEW YORK—The Federal Reserve intervened to support the dollar in the face of growing international tension over Afghanistan and Iran. The U.S. currency was quoted at DM 1.7050 in early trading as central banks endeavoured to keep the dollar above DM 1.70, but by mid-day had recovered slightly to DM 1.71. Heavy selling of dollars in order to buy gold was a probable reason for the pressure on the U.S. currency.

MILAN—The dollar fell to its lowest level for 14 months when it was fixed at L799.55 against the lira, compared with L801.20 previously. During the morning the U.S. currency touched L797. Sterling was firm at the fixing, rising to L1,793.20 from L1,785.90, while most members of the European Monetary System also gained ground against the lira.

FRANKFURT — The Bundesbank intervened to support the dollar when it fell below DM 1.70 during lively morning trading. The German authorities and Swiss National Bank probably gave heavy support to the U.S. currency, although trading tended to calm when it was announced that the Bundesbank had bought $30.3m at the fixing. The dollar was fixed at a record low of DM 1.7062, compared with DM 1.7145 on Wednesday, and a previous record of DM 1.7076 set on December 3, 1979. Events in the Middle East, including the Soviet invasion of Afghanistan, has led to a general mistrust of currencies and a rush into gold, while economic factors have been left on the sidelines. The dollar appears to have been hardest hit because of its role as a reserve currency, with Middle East operators reported to be large buyers of gold. Sterling was firm at the fixing, rising to DM 3.8230 from DM 3.8190, but members of the European Monetary System declined.

PARIS — The dollar fell below 4 francs in early trading, but recovered slightly to be fixed at FFr 4.0075, compared with FFr 4.0135 on Wednesday. Sterling was firm and was fixed at FFr 8.9945, compared with FFr 8.9475 previously. Within the EMS the D-mark strengthened to FFr 2.3478 from FFr 2.3418, while the Belgian franc—weakest member of the system — was little changed at FFr 14.48 per 100 Belgian francs, compared with FFr 14.42.

THE POUND SPOT AND FORWARD

Jan. 3	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2380-2.2565	2.2395-2.2405	0.52-0.42c pm	2.52	1.28-1.18 pm	2.28
Canada	2.6180-2.6385	2.6205-2.6215	0.75-0.65c pm	3.20	2.00-1.90 pm	2.97
Nethlnd.	4.21-4.25	4.22½-4.23½	2¼-1¾c pm	4.96	5½-4½ pm	4.95
Belgium	62.10-62.50	62.25-62.35	20-10c pm	2.89	45-35 pm	2.57
Denmark	11.90-11.96	11.92-11.93	¼ore pm-1½ dis	−0.76	2-4 dis	−1.00
Ireland	1.0360-1.0425	1.0385-1.0395	0.07-0.17p dis	−1.38	0.20-0.31dis	−0.98
W. Ger.	3.81-3.85	3.83-3.84	3½-2½pf pm	9.39	8½-7½ pm	8.47
Portugal	110.50-111.75	110.65-110.85	par-50c dis	−2.71	20-120 dis	−2.53
Spain	147.75-148.70	147.85-147.95	25-75c dis	−4.06	85-185 dis	−3.65
Italy	1790-1797	1792-1793	3-5 lire dis	−2.68	8½-10½ dis	−2.12
Norway	10.97-11.02	10.99-11.00	4¼-2¼ore pm	3.55	11¼-8¾ pm	3.73
France	8.98-9.00	8.98-8.99	2½-1½c pm	3.17	6½-5½ pm	2.67
Sweden	9.22-9.28	9.22¼-9.23¼	2¼-¾ore pm	1.62	5½-3½ pm	1.95
Japan	530-540	533-534	4.75-4.35y pm	10.23	11.55-11.15pm	0.51
Austria	27.45-27.60	27.53-27.58	18-8gro pm	5.68	60-50 pm	7.98
Switz.	3.50½-3.54	3.51½-3.52½	3½-2½c pm	11.50	9½-8¼ pm	10.51

Belgian rate is for convertible francs. Financial franc 64.30-64.40. Six-month forward dollar 2.32-2.22c pm. 12-month 4.45-4.35c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2380-2.2565	2.2395-2.2405	0.52-0.42c pm	2.52	1.28-1.18 pm	2.20
Ireland†	2.1590-2.1665	2.1600-2.1620	0.75-0.70c pm	4.02	1.75-1.65 pm	3.15
Canada	1.1684-1.1697	1.1684-1.1687	par-0.04c dis	−0.20	0.15-0.11 pm	0.44
Nethlnd.	1.8826-1.8885	1.8865-1.8885	0.55-0.45c pm	3.10	1.45-1.35 pm	2.97
Belgium	27.69-27.81	27.79-27.81	2-½c pm	0.54	3-1 pm	0.29
Denmark	5.3085-5.3290	5.3225-5.3250	1.20-1.70ore dis	−3.27	4.10-4.60dis	−3.27
W. Ger.	1.6990-1.7140	1.7100-1.7110	1.00-0.90pf pm	6.68	2.75-2.65 pm	0.31
Portugal	49.40-49.52	49.40-49.50	15-25c dis	−4.85	45-75 dis	−4.85
Spain	66.02-66.07	66.02-66.07	35-50c dis	−7.72	85-100 dis	−5.60
Italy	797.00-801.00	800.00-801.00	3½-5½lire dis	−0.38	8½-11 dis	−4.88
Norway	4.8940-4.8980	4.8960-4.8980	0.70-0.20ore pm	1.10	2.50-2.00 pm	1.84
France	3.9850-4.0065	4.0040-4.0065	0.30-0.15c pm	0.67	0.50-0.20 pm	0.35
Sweden	4.1205-4.1235	4.1210-4.1220	par-0.25ore dis	−0.29	0.10pm-0.10 dis	—
Japan	236.90-238.30	238.15-238.25	1.60-1.40y pm	7.56	3.80-3.60 pm	6.21
Austria	12.24½-12.03½	12.29½-12.30½	4.00-2.00gro pm	2.93	18.00-12.00	4.56
Switz.	1.5615-1.5760	1.5705-1.5715	1.25-1.15c pm	6.17	3.30-3.20 pm	8.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.593456	0.646115
U.S. $	12	1.32155	1.44667
Canadian $	14	1.54054	1.68647
Austria Sch.	3¾	16.3066	17.8544
Belgian F.	10½	36.7957	40.3135
Danish K.	11	7.04599	7.72413
D Mark	6	2.26542	2.48211
Guilder	9½	2.49797	2.73676
French Fr.	9½	5.30316	5.81136
Lira	15	1056.72	1159.31
Yen	6¼	Unavail.	344.139
Norwgn. Kr.	9	5.49434	7.11644
Spanish Pts.	8	87.2157	95.5659
Swedish Kr.	9	5.47327	5.98788
Swiss Fr.	2	Unavail.	2.28823

CURRENCY MOVEMENTS

Jan. 3	Bank of England Index	Morgan Guaranty changes %
Sterling	70.5	−35.9
U.S. dollar	84.5	−8.4
Canadian dollar	80.7	−17.5
Austrian schilling	159.0	+64.5
Belgian franc	116.6	+14.0
Danish kroner	110.1	−1.6
Deutsche mark	159.2	+47.0
Swiss franc	205.4	+83.8
Guilder	126.6	+20.8
French franc	105.0	−5.2
Lira	55.1	−49.8
Yen	118.2	+17.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 3	£	$		£ Note Rates
Argentina Peso	3626-3646	1620-1630	Austria	27.55-27.60
Australia Dollar	2.0200-2.0220	0.9010-0.9020	Belgium	64.05-64.55
Brazil Cruzeiro	94.75-95.75	42.30-42.75	Denmark	11.94-12.02
Finland Markka	8.25-8.27	3.0745-3.6765	France	8.97-9.02
Greek Drachma	84.662-86.676	57.87-38.02	Germany	3.82-3.84½
Hong Kong Dollar	11.03½-11.05½	4.9525-4.9545	Italy	1755-1830
Iran Rial	n/a	n/a	Japan	533-538
Kuwait Dinar (KD)	0.605-0.615	0.2719-0.2720	Netherlands	4.23-4.25½
Luxembourg Frc.	62.25-62.35	27.79-27.81	Norway	11.00-11.08
Malaysia Dollar	4.8600-4.8710	2.1685-2.1695	Portugal	110-116
New Zealand Dlr.	2.2690-2.2710	1.0115-1.0130	Spain	147¾-155¼
Saudi Arab. Riyal	7.52-7.62	3.3680-3.3690	Switzerland	3.50¾-3.53¼
Singapore Dollar	4.8130-4.8250	2.1475-2.1486	United States	2.245-2.255
Sth. African Rand	1.8485-1.8525	0.8260-0.8265	Yugoslavia	47-51

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3604	+1.41	+1.41	±1.53
Danish Krone	7.72336	7.74169	+0.24	+0.24	±1.64
German D-Mark	2.48208	2.47812	−0.18	−0.10	±1.125
French Franc	5.84700	5.81934	−0.47	−0.47	±1.3557
Dutch Guilder	2.74362	2.74330	−0.01	−0.01	±1.512
Irish Punt	0.668201	0.672684	+0.67	+0.67	±1.668
Italian Lira	1157.79	1161.54	+0.32	+0.32	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.240	3.835	533.5	8.985	3.520	4.253	1793.	2.621	62.30
U.S. Dollar	0.446	1.	1.712	238.2	4.011	1.571	1.890	800.2	1.170	27.81
Deutschemark	0.261	0.584	1.	139.1	2.343	0.918	1.104	467.4	0.683	16.25
Japanese Yen 1,000	1.874	4.199	7.188	1000.	16.84	6.598	7.933	3360	4.913	116.8
French Franc 10	1.113	2.493	4.268	593.8	10.	3.918	4.711	1995.	2.917	69.34
Swiss Franc	0.284	0.636	1.089	151.6	2.553	1.	1.202	509.2	0.745	17.70
Dutch Guilder	0.236	0.529	0.906	126.0	2.123	0.832	1.	423.0	0.616	14.72
Italian Lira 1,000	0.558	1.250	2.139	297.6	5.013	1.964	2.301	1000.	1.462	34.75
Canadian Dollar	0.382	0.855	1.463	203.5	3.428	1.343	1.615	683.9	1.	23.77
Belgian Franc 100	1.605	3.596	6.156	856.3	14.46	5.650	6.794	2877.	4.207	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 14.20-14.30 per cent; three months 14.20-14.30 per cent; six months 14.20-14.30 per cent; one year 13.15-13.25 per cent.

Jan. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	16⅝-16¾	13⅞-14⅛	12½-13½	10¾-11	7-8	6¾-6⅞	12½-13	10½-13¾	—	5-8½
7 days' notice	16½-16⅝	14-14¼	12½-13½	10¾-11	6-7	7⅛-7¼	12½-13	18⅛-20½	14¹⁄₁₆-14³⁄₁₆	6-6½
Month	17-17⅛	14⅜-14⅝	13¾-14⅛	11¼-11½	5⅛-5⅝	7⅝-8¹⁄₁₆	15½-13¾	18½-21¼	14⅜-14½	6⁹⁄₁₆-6⅞
three months	17-17⅛	14⁷⁄₁₆-14¹⁵⁄₁₆	13¾-14⅛	11⅜-11⅝	5⁷⁄₁₆-5¹¹⁄₁₆	8⅛-8¼	13⅞-14⅛	18½-18¾	14⅜-14½	7⅞-8⅛
six months	16¹⁵⁄₁₆-17¹⁄₁₆	14½-14⅝	13⅝-13¾	11¹⁄₁₆-11⁵⁄₁₆	5⅛-6¼	8⅛-8⅜	13¹⁵⁄₁₆-14⁵⁄₁₆	18½-19½	14⅝-14½	8⅛-8½
one year	15½-15⅝	13⅛-13⅝	12⅝-12¾	10¼-10½	5⅝-5¾	7¹⁵⁄₁₆-8¹⁄₁₆	13⅝-13⅞	17-18	12¹⁵⁄₁₆-13¹⁄₁₆	7¾-8

Long-term Eurodollar two years 12-12⅛ per cent; three years 11⅞-12⅛ per cent; four years 11¾-12 per cent; five years 11⅝-11⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Dutch rates firm

Dutch money rates rose yesterday as the market prepared itself for a further period of tight liquidity. Call money was quoted at 11-11½ per cent in early trading compared with 10½-11 per cent on Wednesday, but fell back slightly in later trading to 10¾-11¼ per cent. In order to ease the acute shortage of credit expected in the money market, the authorities made a new special advance, covering the 13-day period from today to January 16 at a rate of 12 per cent. The rate was much in line with market expectations, but was well down from the previous special loan facility, which expires today, when the authorities made Fl 2.98bn available at 15 per cent. Tenders for the new loan will be accepted today, after which the Central Bank will announce the size of the loan.

In the money market period rates were all firmer, with one-month money rising to 12-12¼ per cent from 11¾-12 per cent and three-month funds rising to 12¼-12½ per cent against 12-12¼ per cent. The six-month rate was higher at 11¼-11½ per cent from 11¼-11½ per cent.

FRANKFURT—There were no policy changes after yesterday's regular meeting of the Bundesbank central council, in line with market expectations. Call money eased slightly after Wednesday's sharp downward adjustment, to 8.00-8.10 per cent from 8.10-8.30 per cent. One and three-month rates were quoted at 8.30-8.50 per cent and 8.50-8.70 per cent respectively, unchanged from previously, and six and 12-month funds were also static at 8.40-8.60 per cent and 8.30-8.50 per cent respectively.

PARIS—A free supply of funds saw call money fall sharply yesterday to 11½ per cent, its lowest level for over a month, and compared with 12¾ per cent on Wednesday. Period rates were also easier, with one-month money at 12¼-12¾ per cent down from 13¼-12¾ per cent and three-month funds lower at 12⅝-12¾ per cent against 12¾-12⅞ per cent. The six-month rate was unchanged at 12⅝-12¾ per cent as was 12-month money at 12¾-12¾ per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were mixed with one-month deposits at 14½-14⅝ per cent compared with 14¼-14¾ per cent on Wednesday, and three-month at 14⅛-14¾ per cent against 14½-14¾ per cent.

GOLD

Further record

Fears about the implications of the Soviet invasion of Afghanistan led to a record rise in the gold price for the second consecutive day. Very heavy demand for the metal pushed it up by $62½ to close at $625-635 after an extremely hectic day. Gold rose above $650 in Hong Kong only a few hours after the IMF gold auction where 444,000 ounces commanded an average price of $562.85, and opened in London at $620-630. It was fixed at $632 after a prolonged morning fixing, and at $634 in the afternoon. The highest level seen in London was $635-650.

In Paris the 12½ kilo gold bar was fixed at FFr 86,000 per kilo ($669.97 per ounce) in the morning, compared with FFr 75,000 ($581.18) Wednesday morning.

In Frankfurt the 12½ kilo bar was fixed at DM 34,550 per kilo ($631.03 per ounce), compared with DM30,990 ($562.05) previously.

	January 3		January 2	
Gold Bullion (fine ounce)				
Close	$625-635	(£279-284)	$556-559	(£252½-254)
Opening	$620-630	(£277½-281¾)	$554-558	(£247½-248½)
Morning fixing	$632	(£281.577)	$552	(£251.185)
Afternoon fixing	$634	(£282.468)	$559.50	(£258.410)
Gold Coins				
Krugerrand	$646-661	(£288-294)	$587-591	(£262-265)
Mapleleaf	$644-659	(£287-293)	$585-590	(£261-264)
New Sovereigns	$164-166	(£73-75)	$147½-148½	(£66-67)
King Sovs.	$165-173	(£73½-77½)	$150-155	(£68-71)
Victoria Sovs.	$165-175	(£73½-77½)	$150-155	(£68-71)
Fr 20 Napoleon	—	—	—	—
50 pesos Mexico	$785-795		$698-703	
100 Cor. Austria	$620-630		$550-570	
$20 Eagles	$730-760		$650-660	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Free supply

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit continued to be in good supply in the London money market yesterday, and the authorities mopped up the surplus by selling a small amount of Treasury bills all direct to the discount houses. The latter were paying 15¾-16 per cent for secured call loans at the start, with later balances taken between 8 per cent and 11 per cent. The market was faced with a small net take up of Treasury bills to finance and a small excess of revenue transfers to the Exchequer over Government disbursements. On the other hand banks brought forward balances a moderate way above target and there was a moderate fall in the note circulation.

In the interbank market overnight money opened at 16½-16¾ per cent and rose to 16¾-17¼ per cent before falling back to 15½-15¾ per cent, a level which saw most of the morning's business. During the afternoon rates fell to 6-8 per cent but came back to 10-11 per cent before finishing at 8-10 per cent.

Rates in the table below are nominal on some cases.

LONDON MONEY RATES

Jan 3 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-17⅛	—	—	—	16⅛	8-16⅛	—	—	—
2 days notice	—	—	17⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16¾	17¼	—	17⅛	17¼	15-16¼	—	—	—
One month	17-16⅞	16⅝-17¹⁄₁₆	17	18⅛-17¾	17⅛	17⅛	16⅛	15¾-15⅝	17⅛-17	17¼
Two months	17-16⅞	16⅝-17¹⁄₁₆	—	17⅝-17⅛	17¼	—	15⅝	15⅞-15¾	16⅞-17	17⅛
Three months	17-16⅞	17-17⅛	16⅞-17	17¼-16¾	17⅛	17⅛	15⅝	16-15¾	16⅝-16¾	17
Six months	16⅝-16½	16½-16⅝	16⅛	16½-16⅛	17	—	—	—	15⅝-15⅝	16¼
Nine months	15⅞-15½	15⅝-15¾	—	15⅛-15¾	16	—	—	—	—	—
One year	15¼-15⅛	15¼-15⅜	15⅝-15¾	15⅝-15¼	15⅝	—	—	—	—	—
Two years	—	—	16⅛-15⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅞-15½ per cent; four years 15¾ per cent; five years 15½-15⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛-16½ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅝-15²¹⁄₃₂ per cent; two-month 15⅝-15²¹⁄₃₂ per cent; three-month 15²³⁄₃₂-16⅞ per cent. Approximate rates for one-month bills 17-17¹⁄₃₂ per cent; two-month 16¾-16⅞ per cent; three-month 16²³⁄₃₂-16¾ per cent; one-month trade bills 17 per cent; two-month 16⅞ per cent and three-month 16¾ per cent.

Finance Houses Base Rates (published for the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8421 per cent.

MONEY RATES

NEW YORK	
Prime Rate	15-15¼
Fed. Funds	13¾-14
Treasury Bills (13-week)	12.28
Treasury Bills (26-week)	12.06
GERMANY	
Discount Rate	6
Overnight Rate	8.05
One month	8.40
Three months	8.60
Six months	8.80
FRANCE	
Discount Rate	9.5
Overnight Rate	11.875
One month	12.3125
Three months	12.6875
Six months	12.6875
JAPAN	
Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.4875

Fiat buys IVECO stake from German lorry group

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FIAT OF ITALY is to take full control of IVECO, Europe's second-largest commercial vehicles business, by purchasing the 20 per cent shareholding held by Kloeckner-Humboldt-Deutz of West Germany. The deal could involve over $175m.

IVECO was set up five years ago to bring together Fiat's commercial vehicles operations, which already included the Unic concern in France, and those of KHD operating as Magirus Deutz. In 1978 IVECO's sales were $3.26bn and 109,000 vehicles of 3.5 tonnes and over were delivered. But it made only a small profit.

KHD's potential withdrawal from the IVECO grouping was written in to the 1975 deal. It maintained yesterday that it would concentrate in future on its three mainstream operations—building engines, making tractors and agricultural equipment and manufacturing process plant.

By giving up the link with IVECO it would revert to being a "neutral" supplier of air-cooled truck engines, a sector where it is the leading European manufacturer. In 1979 about 23,000 of the 150,000 to 160,000 Deutz engines produced went into IVECO vehicles.

Last month KHD acquired an assembly plant in Richmond, Indiana, from American Motors Corporation which will become the nucleus of its engine assembly operations in the U.S. It should be making about 40,000 engines a year in the States during the 1980s.

Negotiations over the price to be paid for the 20 per cent IVECO stake are still going on. But it is believed that Fiat would pay considerably more than the book value of the shareholding which is over DM 300m.

The deal only involves the transfer of capital. Magirus Deutz will remain part of IVECO and KHD will continue to supply engines to the commercial vehicles group.

IVECO stressed that it did not represent any change in its strategy which is to develop as an international and broadly-based commercial vehicles supplier. Fiat might now also look for a purely financial partner, or consider selling shares in IVECO to the public.

Since IVECO was set up there has been considerable rationalisation of manufacturing facilities and components manufacture in Italy, France and Germany but at the retail end of the business the commercial vehicles have continued to be sold through separate channels using the old names.

The IVECO management has always made it clear that it would welcome other commercial vehicle groups into the partnership—there have been some talks with Leyland Vehicles in the past, for example.

AEG lifts U.S. computer stake

BY STEWART FLEMING IN NEW YORK

AEG-TELEFUNKEN, the West German electrical company which only last month received a $585m cash injection from its bankers, has completed arrangements to take a major stake in a U.S. computer manufacturer, Modular Computer Systems of Fort Laudardale, Florida.

The West German company, which was in serious financial difficulty before the cash injection, is buying approximately 1.9m new shares of the Florida company for $30m. The capital injection into the U.S. group will strengthen its equity base which is now just under $20m.

In addition to providing capital, the German company has signed agreements including one to establish a joint venture in Germany controlled by the German company, to sell computers.

Modular Computer Systems sells mini-computers which are used to control process manufacturing plants such as oil refineries and aluminium plants. In 1978, its sales revenues were $64m and its net income $4.4m. Earnings are expected to be about the same in its latest financial year ended December 1979.

Thomson joins FP bid battle

BY OUR FINANCIAL STAFF

THOMSON NEWSPAPERS has joined the battle for FP Publications, publishers of the Toronto Globe and Mall and several other newspapers with big interests in printing with a cash offer worth C$139m (US$120m). Earlier, the Conrad Black group had raised its first bid of C$100m but did not disclose details of the higher offer.

The new offer by Conrad Black was after Mr. Howard Webster, the chairman of the Globe and Mail outbid the first offer by the Black group. Mr. Webster controls 43 per cent of the FP share capital and 22.5 per cent of the votes.

Thomson Newspapers said that its offer is for all the issued and outstanding shares of FP and that it reserves the right to purchase less than all the shares if all FP shareholders do not accept the offer.

It proposed to finance the acquisition from internal cash and borrowed funds. It does not plan to issue any shares in connection with the offer.

Citroen turnover increases by 14.5%

By Terry Dodsworth in Paris

THE COMBINATION of France's buoyant vehicle market and the lifting of price controls on cars helped Citroen, the French motor company, to increase turnover last year by 14.5 per cent to FFr 18.2bn ($4.4bn), according to preliminary figures.

Citroen, one of the three branches of the PSA Peugeot-Citroen group which now includes Automobiles Talbot, is the first of the big French producers to give an indication of its performance in 1979.

Although its total output, including light commercial vehicles, went up by only 1.2 per cent to 818,000 units last year, its sales in France rose by 6 per cent compared with 1978. This gave it a marginally higher market share, at 16.8 per cent out of total car sales in France calculated at 1,985,000 units.

The effect of price de-control in increasing turnover is difficult to evaluate with certainty. Industry as a whole has been claiming that the new freedom to change prices without Government approval has not been a significant element in the country's overall price increases of about 11.5 per cent last year. But companies have obviously been juggling with prices in order to increase income on products in demand, and there is probably an element of this factor in the Citroen figures.

Citroen notes that there has been a steady drift towards its smaller cars in the French market this year. The bottom of the range vehicles, in particular the new Visa, have accounted for 42 per cent of total production, and the middle range GS model only managed to maintain its position by the launch of new variants.

By contrast, the large CX specialist model has seen registrations slightly decline this year, with the more economical Visa versions capturing 44 per cent of sales in this sector.

MATRA'S DIVERSIFICATION

Acid test for good management

BY TERRY DODSWORTH IN PARIS

ABOUT THE only industrial investment which comes near to competing with the coveted Napoleon gold coin in France these days is Matra, the missiles company. Its stock has risen, however, for a very different reason. Investment in Matra is not a flight from an industrial world threatened by oil shortages, but a gamble on the technologies which can make such shortages less serious.

Matra is basically an armaments company, making 60 per cent of its FFr 2.2bn ($537m) turnover in this sector during 1978. But in 1979 it struck out in a number of directions with a series of acquisitions. It went further into the telephone industry, put itself at the centre of a reorganised French watch-making industry, and made two big acquisitions in the motor components field. All of this attracted so much admiration that, by the end of the year, it had won the manager of the year award for its chairman, M. Jean-Luc Lagardere.

There are, inevitably, some critics who believe that Matra is going too far, too fast. But the company has convinced many investors that it has a logical strategy for expansion. The main point of this plan is to use its technical expertise and the profits generated by the armaments division (believed to form a significant part of the FFr 151m earnings of 1978) to take it into sectors which carry the prospect of long-term growth. These are all, in some way, related to the developing micro-chip based technologies — and "clean" energy conserving industries of the future.

This growth policy dates back to the mid-1970s. At that time, Matra had a solid base both in the armaments and space sectors, and had become known world-wide through its successes in Formula One motor-racing and at Le Mans. It was obviously a company with a flair for advanced engineering, but it had developed only cautiously beyond its original base.

In this period of introspection, the company decided to start writing off research and development expenditure in the year in which it was incurred and to tighten up its financial management generally.

It also set about deciding how to become less dependent on public sector interests which dominate the armaments and space business. The decision was taken to diversify and to do this through acquisitions and co-operative deals, rather than by green field developments: it was better, the company argued, to use its money to support and develop existing technology rather than to try to carve out new markets for itself from nothing.

> Last year Matra launched out in many directions from its original base in armaments and the space sector fields. It sees the acquisitions as no mere gamble but the creation of a new empire for which good management can carve out a coherent policy

The man charged with this expansion was M. Lagardere, an electrical engineer who had been brought in from the Dassault aircraft company in the mid-1960s. Lagardere took over from the founder of the company M. Marcel Chassagny, and by mid-1978 was ready to start with acquisitions. As a base he had detailed dossiers on some 20 companies in the sectors which interested Matra.

Perhaps the key development since then was the deal with Harris of the U.S. to set up a semi-conductor manufacturing plant in France. Partly financed by the State, this factory will give Matra access to Harris's technology for at least five years. It will make a range of components suitable, in particular, for application to the space and motor industries.

Matra's aim was to have an independent facility in micro-circuitry which can act as a knowledge and supply base for the rest of its operations. But three other poles of expansion, the development of which will depend crucially on micro-chips, have been added in the past year.

The first of these was in the telephone industry where Matra has acquired Peritel and Depaepe. Peritel is a leading distributor of telephone equipment. Depaepe is claimed to be Europe's largest manufacturer of telephone sets and intercoms. Matra has thus placed itself in a central position in the race to develop telephone receivers into mini-information bureaux capable of flashing messages on to the television screen or sending printed messages over linked-up copying machines.

The second move was into clock and watch-making. What is emerging here is a bold plan to rationalise the French—and to some extent European—industry through a deal with VDO of West Germany.

Matra and VDO have taken equal shares of 25.5 per cent in a new group which holds the controlling interest in Jaeger, the French-based company, in which VDO used to be the main shareholder. With other watch and clock-making acquisitions, notably Jaz, Matra has created a group which stands the chance of competing effectively with the more sophisticated U.S. and Japanese giants.

Jaeger is also a key component in the third of the new poles of activity. This is the motor components sector, made up of Jaeger's vehicle instrumentation business plus Solex, the world's largest independent carburetter manufacturer, in which Matra recently took the majority stake.

Apart from these acquisitions there have been some changes in the established businesses, including:

1—The motor interests have been consolidated by persuading the PSA-Peugeot-Citroen group to take a 45 per cent stake in the former Matra-Chrysler specialist car manufacturing subsidiary. The idea of this development is to give the group wider access to components on which to base its talents. The whole of the engine and component range in the three divisions of Peugeot, Citroen and Chrysler, will now be available to Matra.

2—It has taken a 32 per cent stake in Manurhin, a specialised armaments and machine tool manufacturer.

3—It has also bought 10 per cent in Europe Numero 1, the radio and communications group.

4—It has won a contract to build a telecommunications satellite for France.

These acquisitions and developments are so varied that some analysts are sceptical of Matra's claims that they fit into an entirely rational and workable diversification plan. Admittedly, they say, they are linked by electronics—no one can deny that micro-chips will be used increasingly in telephone equipment, satellites, armaments, watch-making, transport systems and the motor industry. But how will the synergy between the different operations be achieved?

Clearly Matra's ability to achieve this cross-fertilisation is a gamble on which a lot of stock-market money is riding. But Matra itself hardly appears to notice the doubts.

First, it takes comfort from the fact that all of these new acquisitions are already good profit earners and well placed in their own sectors. Secondly, it has been long enough involved in complicated, high risk, high-technology industries like space to believe that it has the management to hold together the new empire it is building.

Gold and dollar upheaval hits Eurobonds

By Nicholas Colchester

A SOARING gold price, a very weak U.S. dollar, and a rapid rebound in U.S. short-term interest rates all conspired to undermine an inactive market in international bonds yesterday. Prices in the dollar sector were down by an average of about ½ per cent and dealers considered that it would be problematic to launch new issues under current conditions.

The recent bond for General Motors Acceptance, with an 11 per cent coupon till 1984, was quoted at 97 in the late afternoon, and the one for Eksportfinans, 11½ per cent till 1987, was trading at 96½. The three-month Eurodollar interest rate rose ⅛ per cent to 14$\frac{9}{16}$ per cent.

In the Deutschemark sector, prices fell by up to a point as traders in Germany too, were dismayed by the political environment and investor interest was switched to the gold market.

A public DM issue for Ireland is being prepared by Commerzbank. The DM 150m issue is rumoured to have a 8½ per cent coupon with an eight-year bullet maturity and priced at par.

A State-guaranteed public issue for Osterreiche Donaukraftwerke is expected in the Swiss market today. The lead manager for this SwFr 60m bond is Union Bank of Switzerland which will probably fix the coupon at 5¼ per cent. The oil and gas subsidiary of the Canadian Development Corporation tapped the Swiss sector yesterday with a private placement of SwFr 30m for seven years at 5¾ per cent, lead managed by Credit Suisse.

• The World Bank is to float a Sch 1bn bond on the Austrian capital market from January 9 to 11, Reuter reports from Vienna. Final conditions have not yet been fixed, but the bond is expected to be similar to two international issues placed here in December. Both the Sch 400m Inter-American Development Bank and the Sch 500m European Investment Bank bonds had single 10-year tranches priced at 99.50 per cent with coupons of 8 per cent.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on January 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89¾	90¼	−0½	−0¾	11.81
Alex Howden XW 9½ 91	30	77	79	0	0	13.38
Australian Res. 9⅝ 84	30	91½	92	0	0	12.03
Avco O/S Cap. 10¼ 87	40	82½	83¼	−0½	0	14.10
Beneficial Fin. 9⅜ 87	100	90	90½	−0⅛	−0½	11.74
CECA Gt. Rate 10⅛ 91	150	83⅞	84⅜	−0⅛	−0½	12.11
CECA 9¾ 89	125	†80¾	81¼	−0⅛	−0⅛	12.72
Canadian Pacific 9¼ 89	50	89¾	90¼	−0⅛	−0⅛	11.53
Carter Hawley 9¾ 86	50	89½	90	−0⅛	−0½	12.08
Comalco Inv. E 10¼ 91	40	90⅛	90⅞	−0¼	−0¼	11.75
Continental Grp. 9⅜ 89	100	90¼	90¾	−0⅛	−0⅛	11.80
Dome Petroleum 10 94	50	89¼	89¾	−0⅛	−0⅛	11.60
Dominion Bridge 10¼ 84	30	94⅞	95⅜	−0⅛	−0⅛	11.67
Dow Chem. O/S 9⅜ 94	200	86⅞	87⅜	−0⅛	−0½	11.50
EIB 9⅞ 87	150	91	91⅜	−0	−0⅛	11.99
EIB 10 99	150	86	86½	−0½	−1	12.17
EIB 10¼ 87	180	92½	93	0	−0⅛	11.97
EIB 10.15 99	100	87⅛	87⅝	−0⅛	−0⅛	12.17
Export Dv. Cpn. 9⅞ 84	100	91⅞	92⅜	−0⅛	−0⅛	11.73
Export Dv. Cpn. 9¾ 84	150	93	93½	−0⅛	−0⅛	11.67
Finland 9¼ 88	100	87⅞	88⅜	−0⅛	−0⅛	12.08
GTE Finance 9½ 84	50	*92⅞	93⅜	0	0	11.70
GTE Finance 9¾ 89	55	88⅜	88⅞	−0⅛	−0⅛	11.78
GMAC 9⅜ 86	100	88⅞	89⅜	−0⅛	−0⅛	11.75
Gould Int. Fin. 9¾ 85	50	92⅛	92⅝	−0⅛	−0⅛	11.79
Hudson Bay Co. 10 84	50	89¼	89¾	−0⅛	−0⅛	11.56
ITT Antilles 9¼ 89	75	88⅜	88⅞	−0⅛	−0⅛	11.96
Kennecott Int. 9⅞ 86	100	87⅛	87⅝	−0⅛	−0⅛	12.46
Manitoba 9½ 89	75	87	87½	−0⅛	−0⅛	11.83
Michelin 10 94	125	88	88½	−0⅛	−0⅛	11.70
Nat. Dev. Telecm. 9½ 86	100	90¼	90¾	−0⅛	−0⅛	11.65
New Brunswick 9¾ 94	75	85⅞	86⅜	−0⅛	−0⅛	11.80
Newfoundland 10 94	50	89¾	90¼	−0⅛	−0⅛	11.44
Norges Komm. 9⅞ 99	100	86	87½	−0⅛	−0⅛	11.93
Norway 8⅞ 84	150	92⅞	93⅜	−0⅛	−0⅛	11.91
Nova Scotia Pwr. 9⅞ 89	50	87⅞	88⅜	−0⅛	−0⅛	11.50
Occidental Fin. 10¼ 84	60	93⅞	94⅜	−0⅛	−0⅛	12.00
Orient Leasing 9¾ 86	25	†88	88½	−0⅛	+0½	12.19
Pennwalt O/S F. 9¾ 84	25	92⅛	92⅝	−0⅛	−0⅛	12.00
Pepsico Cap. 9¼ 84	100	92⅞	93⅜	−0⅛	−0⅛	11.48
Quebec Hydro 10 99	75	86½	87	−0½	−0⅛	11.74
Sears Roebuck 9 82	150	93⅞	94⅜	−0⅛	0	12.29
Statoil 9⅞ 89	100	89	89½	−0⅛	−0⅛	11.51
Sweden 9⅞ 89	100	89	89½	−0⅛	−0⅛	11.68
Sweden 9¼ 86	200	91⅜	91⅞	−0⅛	−0⅛	11.75
Sweden 9⅜ 84	100	92⅞	93⅜	−0⅛	0	11.72
Unilever NV 9¾ 87	100	88	88½	−0⅛	−0⅛	11.65
Warner-Lambert 9 84	100	91	91½	0	−0⅛	11.67

U.S. DOLLAR STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
Cr. Foncier 10¾ 84 C$	30	90¼	91¼	0	0	13.06
Ex. Dev. Cpn. 10 84 C$	50	*92¼	92⅞	0	0	12.24
Fst. Can. Inv. 10 84 C$	50	91¼	91¾	0	+0⅛	12.61
Hudson Bay 10½ 89 C$	50	90	90½	−0⅛	−0½	12.30
Quebec 10½ 86 C$	50	91¼	91¾	0	−0½	12.24
R. Bk. Canada 10.86 C$	40	92¼	92¾	+0⅛	−0¾	11.71
R. Bk. Canada 10.86 C$	40	85¼	86	+0⅛	−0⅛	12.12
Copenhagen 8¾ 91 EUA	25	†91¼	93	0	+0⅛	9.37
Copenhagen 8¾ 91 EUA	20	†98¾	99¼	0	−0⅞	8.84
SOFTE 8¾ 89 EUA	40	†88½	90	0	−0⅛	10.07
Algemene Bk. 9¼ 84 Fl	75	97¼	97¾	+0⅛	+0⅛	8.90
Amev 8½ 86 Fl	75	97⅞	98⅜	0	+0⅛	8.87
Ned. Middbk. 8½ 84 Fl	75	96¾	96¼	−0⅛	+0⅛	9.26
Norway 8¾ 84 Fl	100	95⅞	96⅜	+0⅛	+0⅛	8.38
Norway 8¾ 84 Fl	100	96	96½	0	0	9.24
Robobank 9 84 Fl	25	100¼	100¾	+0⅛	+0⅛	8.86
Air France 11 84 FFr	120	97¾	98¼	+0⅛	0	11.47
Euratom 9¾ 87 FFr	150	85½	86½	0	−0⅛	12.75
Finland 11 84 FFr	80	96¼	96¾	0	−0⅛	12.10
Finland 11½ 89 FFr	70	94¾	95¼	0	−0⅛	12.44
Gaz de France 11 84 FFr	150	97¼	98¼	0	−0⅛	11.85
Norway 9¾ 84 FFr	200	89¾	90¼	0	0	12.47
Renault 9¾ 85 FFr	100	88¾	89¼	0	0	12.49
Saint-Gobain 9¾ 86 FFr	130	85¾	86¼	0	0	13.09
Solvay et Cie 9¾ 87 FFr	125	83¾	84¼	0	−0⅛	13.37
Total Oil 9¼ 87 FFr	150	82⅞	83⅞	0	0	13.05
EIB 11½ 91 £	25	86⅞	87⅜	−0⅛	−0⅛	13.74
Finance for Ind. 13 91 £	15	94⅞	95⅜	−0⅛	0	13.83
Fin. for Ind. 12½ 89 £	30	92⅛	92⅝	−0⅛	+0⅛	13.93
Gen. Elec. Co. 12¼ 89 £	50	92⅛	92⅝	−0⅛	−0⅛	13.97
Indonesia 8¼ 91 KD	7	†93¼	94	0	0	8.86
Mitsubishi 7½ 84 KD	10	†95½	95½	0	0	8.68
Norges Kom. 7½ 89 KD	12	†93¼	93⅞	0	0	8.50
Occidental 8¾ 91 KD	7	†90½	90¼	0	0	9.85
Akzo 9¼ 87 LuxFr	500	†94¼	95¼	0	−0⅛	10.15
Euratom 8 87 LuxFr	500	90¼	91¼	0	+0⅛	9.73
Oslo, City of 9 89 LuxFr	500	89¾	90¾	0	−0⅛	9.62
Volvo 9¾ 87 LuxFr	500	96¾	99¼	0	+0⅛	9.38

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	98	98½	0	+0⅛	8.30
Argentina 7½ 89	150	94½	94⅞	0	+0⅛	8.36
Asian Dev. Bk. 7¾ 89	100	94¾	95¼	0	+0⅛	7.98
Banco Desarrollo 7¼ 86	100	93⅞	94⅜	−0⅛	−0⅛	8.48
Barclays O'seas 6¾ 89	100	95¼	96¼	0	+0⅛	7.37
Brazil 8 87	150	96¾	97¼	−0⅛	−0⅛	8.54
CECA 7 91	150	94	94½	−0⅛	−0⅛	7.76
Council of Eur. 7¼ 89	100	96¼	96⅞	−0⅛	0	7.78
EEC 7⅝ 94	225	98⅜	98⅞	−0⅛	−0⅛	8.06
EIB 7½ 89	200	98	98½	−0⅛	−0½	7.74
Eletrobras-Brazil 7 87	100	93	93½	+0⅛	+0⅛	8.29
Eurofima 6½ 89	100	95⅞	96⅜	−0⅛	+0⅛	7.11
Kobe, City of 7⅛ 89	150	97⅞	98⅛	0	+0⅛	7.45
Mitsubishi Chem. 6½ 84	70	96⅞	97⅜	−0⅛	−0⅛	7.32
Nader. Gasunie 8 86	100	103	103½	−0⅛	−0⅛	7.38
New Zealand 7½ 87	200	98⅛	98⅞	0	−0⅛	7.38
Nippon Kokan 6½ 84	100	95½	96	−0⅛	−0⅛	7.74
Nippon Tel. & T. 5½ 87	100	88¾	89¼	−0⅛	−0⅛	7.56
Norges Komm. 7¾ 91	150	100⅞	101⅜	−0⅛	0	7.67
Norges Komm. 8¾ 94	150	101¼	101¾	−0⅞	−1⅛	8.09
Norway 6¾ 84	200	98	98½	0	+0⅛	6.89
OKB 8 87	40	90¾	91¼	−0⅛	+0½	7.74
OKB 7⅝ 89	100	97⅞	98⅜	0	−0⅛	7.68
Tokyo Elec. Pwr. 6½ 85	200	95⅞	96⅜	+0⅛	−0⅛	7.42
World Bank 7⅞ 91	400	98⅜	98⅞	−0⅛	−0⅛	7.94

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	96	96½	+0⅛	+0⅛	6.02
Aumar 5 89	60	95¼	95¾	+1⅛	+1⅛	5.62
Australia 3¾ 89	250	90⅞	91⅜	+0⅛	+0⅛	4.85
Bergen, City of 4¾ 91	40	95¾	96¼	−0⅛	+0⅛	5.19
BNOE 5 89	75	89	90¼	+0⅛	+0⅛	6.43
BMW Overseas 4¾ 91	100	96⅛	96⅝	+0⅛	−0⅛	4.67
Caisse Nat. Tele. 4⅞ 89	100	†97	97½	+0⅛	−0⅛	4.73
Canada 3¾ 89	300	92⅛	92⅝	+2⅛	+0⅛	4.64
Copenhagen 4½ 91	80	95	95¼	+0⅛	+0⅛	5.08
Council of Eur. 5 89	100	92⅞	93⅜	−4⅛	−4⅛	6.96
EIB 4½ 91	100	91½	92	+0⅛	+0⅛	5.48
EIB 4¾ 94	100	88½	89	+2⅛	+0⅛	5.61
Elec. de France 4⅝ 89	100	97¼	97¾	+0⅛	−0⅛	4.70
GZB 4⅝ 89	100	93¼	93¾	−0⅛	+0⅛	5.72
Hilti 4½ 91	35	97½	98	−0⅛	−0½	4.51
ICI Fin. NV 3½ 94	230	91¾	92¼	+1⅛	+0½	5.34
Int.-Amer. Dev. 4½ 89	100	91½	92	−1⅛	−0⅛	5.63
Malaysia 5 89	80	91	91½	+0⅛	+0⅛	5.22
Nippon Tel. & T. 4¼ 89	100	96¼	96¾	+0⅛	+0⅛	4.72
Nordic Bank 5 89	45	100⅛	100⅝	+1⅛	+0⅛	4.90
Norges Komm. 4½ 91	100	94¼	95	+1⅛	−0⅛	4.89
OKB 3¾ 91	100	85¼	85½	−0⅛	−0⅛	5.53
OKB 4½ 91	100	90¼	90¾	−1⅛	−0⅛	5.49
Oslo, City of 4¾ 91	100	90¼	90¾	−1⅛	−0⅛	5.49
Shikoku El. Pwr. 4¾ 89	100	98¼	98¾	+0⅛	0	4.95
Spain 4 91	100	88	89½	−3	−0⅞	5.43
Stewcap 4¾ 91	80	96¾	97½	−0⅛	+0⅛	5.08
Voest-Alpine 4¾ 89	90	99½	99¾	+2⅛	+2⅛	4.80
World Bank 4⅞ 89	100	98⅛	98⅝	+1⅛	+0⅛	4.82
World Bank 4⅞ 89	150	95½	96	+1½	+0⅛	4.93
World Bank 4⅞ 91	100	93⅞	93⅞	−0⅛	+0⅛	5.36

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89¾	90¼	0	0	8.93
Australia 6½ 88	20	84½	85¼	+0⅛	+0⅛	9.18
EIB 7⅛ 89	12	98	99	0	+0⅛	7.97
Finland 5.5 83	10	88¾	89¾	0	+0⅛	9.07
Finland 8.2 88	10	88	89	0	−0⅛	8.86

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 86 C$	25	88	88½	−0⅛	−0⅛	12.04
Bell Canada 10¾ 88 C$	60	93¼	93¾	0	0	12.19

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0¼	99¾	100¼	26/4	15⅛	16.77
Banco Prov. BA 7¾ 86	0⅛	96¼	97¼	5/6	14½	14.96
Banco Urquijo 5 86	0⅛	97¼	97⅜	21/3	13⅞	13.74
Bank of Ireland 5¾ 83	‡0⅛	96⅞	97⅜	21/2	16.69	16.15
Bank of Tokyo 5⅛ 89	‡0½	97⅝	99⅝	25/1	15.19	16.50
Bergen Bk. A/S 5 89	‡0⅛	95⅞	96⅜	29/2	14.31	14.93
Bque. Indo Suez 5¾ 89	0⅛	98¼	98¾	11/1	11	11.18
BNP 5½ 91	0⅛	97	97½	22/2	11.94	12.28
Citicorp O/S F. 8 94	‡0⅛	98¼	99	8/3	14.44	14.62
Citicorp O/S F. 83	§‡0	99½	100	22/2	15⅛	15.16
Citicorp O/S F. 84	‡0	98⅞	99¾	29/2	13⅞	13.99
Co-operative Bk. 8 86	0¼	97¾	98¼	15/5	15.06	15.39
Creditanstalt 5½ 91	§‡0⅛	97⅛	98⅜	14/3	14⅞	15.20
CNT 5¾ 86	§0⅛	99¾	99⅞	16/4	15.19	15.26
GZB 5½ 89	‡0⅛	98⅞	99⅜	1/2	16.19	16.37
Jugobanka 5 89	0⅛	94¾	95¼	23/5	15	15.82
Ind. Bank Japan 5¾ 87	0⅛	96⅞	97⅜	15/4	14⅛	14.57
LTCB Japan 5¾ 85	0⅛	97¼	97¾	13/6	14⅛	14.60
LTCB Japan 6½ 88	0⅛	97¼	97¾	7/6	14.19	14.55
Mfrs. Han. O/S 5¾ 94	‡0⅛	98⅛	98⅝	29/2	13.81	14.01
Nacional Fin. 6¼ 86	0⅛	96⅞	97⅜	25/1	11⅞	11.84
Nat. West. 5¾ 94	§0⅛	97½	98	11/1	14.94	15.28
Nippon Cred. Bk. 6½ 88	0⅛	96⅞	97⅜	12/1	10⅞	11.20
Royal Bk. Scot. 5¾ 94	§‡0⅛	98⅛	98⅝	11/1	14.94	15.10
Soc. C. de Bque. 6½ 87	0⅛	96⅛	96⅝	3/4	13⅛	13.75
Sogenal 5¾ 88	§0⅛	96⅛	96⅝	11/1	10.81	11.20
Sweden 5¾ 91	‡0⅛	97⅛	97⅝	18/1	15	15.36
TVO Pwr. 8 91 (O-lock)	0⅛	97⅛	97⅝	24/5	15.31	15.69
Utd. Overseas Bk. 8 89	‡0⅛	97	97½	29/12	12.94	13.31
Williams & Glyn 5¾ 91	0⅛	96⅛	97	14/3	13	13.44
Bq. E. d'Alg. 4¾ 89 SF	0⅛	95¼	96⅛	18/6	5.68	5.96

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	199	100	+1½	−0.87
Alco Int. Fin. 9½ 94	1/80	40	91	92½	−0⅛	13.84
Asahi Optical 7 94	11/79	605	94¼	94⅞	+2	4.32
Canon 6¾ 94	8/79	570	106¾	107¼	+2½	−1.91
Ciba-Geigy O/S F. 4 94	9/79	675	88¾	89¼	+0⅛	−3.82
Credit Suisse 4¾ 93	10/79	1325	107⅛	109¼	+2	−1.65
Daiei Inc. 6½ 94	11/79	1020	97¾	98¼	+0⅛	5.28
Escalte 7¾ 89	9/79	158	92½	94	−0⅛	−5.77
Honda Motor 5½ 89	6/79	532	106	107¾	+1⅛	−2.61
LPC Internatl. 5 88	9/79	36	101	102	−0⅛	7.23
Meidensha Elec. 7 84	12/79	210	134	95	−0⅛	15.45
Mitsubishi Cp. 6¾ 94	10/79	404	127	128½	+1⅛	9.12
Nippon Seiko 7¾ 94	12/78	339	193	94	+2	3.04
Nitto Elec. Ind. 6 94	7/79	735	87⅛	88⅛	+0⅛	15.87
Toshiba Con. 7¾ 94	10/79	196	97¼	98⅛	+0⅛	7.07
Union Bk. Switz. 5 89	2/80	125	109¼	111¼	+0⅛	8.15
Fujitsu 5 84 DM	7/79	476	100½	101⅛	−0⅛	14.38
Konsei Elec. 4 84 DM	4/78	1234	86¾	87⅛	−0⅛	53.00
Tokyu Ld. Cp. 4 86 DM	4/79	453	79	80	−0⅛	54.08
Uny Co. 6½ 85 DM	11/79	1071	98¼	99½	0	24.67

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Roche ahead despite currency rise

BY JOHN WICKS IN ZURICH

TURNOVER OF the Roche Group, consisting of the Basle-based chemicals and pharmaceuticals company F. Hoffmann-La Roche and its Canadian holding affiliate Sapac Corporation and their respective subsidiaries, was up by "a good 7 per cent" in 1979. In stating this, the Swiss parent says that combined turnover rose to well over SwFr 5bn ($3.2bn) again.

In 1978 the total sales of the twin Roche and Sapac concerns had fallen, due to the exchange-rate situation, by 11.7 per cent to SwFr 4.84bn. A 7 per cent increase would mean that last year's turnover was about SwFr 5.18bn, or slightly more than the 1976 figure of SwFr 5.11bn. In comparison, the 1977 record sales figure was of over SwFr 5.48bn.

The high Swiss franc continued to affect group sales, though to a considerably lesser extent than in 1978. In fact, local-currency turnover was higher by more than 15 per cent last year, after having expanded by 7.3 per cent during 1978.

Of the group's three main divisions, the vitamins and fine-chemicals product sector booked the greatest single increase, one of approximately 12 per cent in terms of Swiss francs. This would bring the total for this division up to about SwFr 1.568bn. The sale of perfumes and flavourings went up by 6 per cent (to a figure in the region of SwFr 615m), that of pharmaceuticals, as the biggest single activity of the group, going up by about 2 per cent to something like SwFr 2.35bn.

Positive growth rates were also recorded by the diagnostics, cosmetics, agro-chemicals and bio-electronic divisions, but Hoffmann-La Roche says these results were not wholly comparable with those of the previous year.

Higher sales, improved utilisation of capacity and stricter cost control have, it is stated, compensated for negative influences from inflation and the currency situation. Consequently, profitability is likely to have been "slightly greater than in the previous year." In 1978, net group income had dropped from SwFrs 335.9m to SwFrs 201.2m.

The Swiss company is expected to pay a dividend of SwFr 550 per share for calendar 1979, since Sapac has already announced a dividend of this unchanged amount for its financial year which ended on September 30 last. Hoffmann-La Roche and Sapac shares are twinned and for years the same dividend has been paid on both.

Defence programme boosts results at Renk

BY ROGER BOYES IN BONN

THE NEW West German Leopard 2 battle tank programme is boosting the order books and profits of a number of the country's leading defence sub-contractors and has significantly improved their prospects for the coming year.

This picture emerges from the 1978-79 results of Renk, a major German cog-wheel manufacturer, which were announced yesterday. The company, which has in the past been badly affected by the see-saw progress of defence contracts, reported its strongest ever order book in 1978-79, with new orders reaching DM 360m compared with DM 252m in the previous business year. This increase was due primarily to the supply of parts for Leopard 2 tanks for Holland and the company expects similar deliveries to benefit business well into the 1980s.

Turnover remained roughly stable at DM 147.2m compared with DM 148.8m ($86.9m) in 1977-78. However, because of the accounting system of German defence companies, turnover remains a poor guide to a contract contractor's relative progress. Net profits for the year (ended June 30) totalled DM 1.9m ($1.1m) compared with DM 1.4m previously, and the dividend will be maintained at DM 6 per DM 50 share.

The Leopard 2 programme has helped to buoy results of a whole range of German companies over the past year, notably Krauss Maffei, the project co-ordinator, Blohm und Voss, the Hamburg shipbuilder, and Wegmann of Kassel, have participated in the development of the tank's turret, while Porsche has been responsible for the development of the chasis.

However, another beneficiary of the Leopard 2 programme, Rheinmetall Berlin (which designed the tank's 120mm smooth bore gun) is obviously concerned about its vulnerability to the fluctuating fortunes of the defence industry.

As part of its diversification and restructuring programme, it has announced that it will take a majority stake in Wuerttembergischen Metallwarenfabrik of Geislingen, which is a leading manufacturer of cutlery and kitchenware.

It is not known how much the acquisition has cost Rheinmetall but the move clearly pushes its sales potential over the DM 1bn mark. WMF has an annual turnover of DM 550m (with a workforce of over 6,000) while Rheinmetall is expecting a 1979 turnover of about DM 900m with a workforce of some 7,500.

Hong Kong textile groups advance

By Our Hong Kong Correspondent

FOLLOWING last week's results from the industry leader Winsor Industrial, Hong Kong textile companies are continuing to report handsome increases, with capital profits adding to trading earnings.

Nan Fung Textiles announced profits for the six months to September 30 of HK$41m (US$8.3m), including HK$11m from the sale of a property. The figure compares with HK$28m for the same period last year, and HK$67.6m for the whole year, which included HK$5.2m in extraordinary items.

Business has been even better at the smaller end of the industry, judging from Yangtzekiang Garment Manufacturing.

First half earnings jumped from HK$8.8m to HK$14.3m and the directors expect a further 20 per cent profit gain for the second half, which would make a total of around HK$42m for the year ending March against HK$31m for the previous year.

Swire Pacific in joint venture

By Our Hong Kong Correspondent

SWIRE PACIFIC is taking a 40 per cent interest in a can manufacturing operation being set up in Hong Kong by Continental Can of the U.S. Continental will keep a 60 per cent share in the operation.

The plant, costing about HK$100m, will open later this year and have a capacity of some 200m cans a year.

Lingui developments

LINGUI Developments Berhad, the former Sime Darby tin mining subsidiary now a subsidiary of Fantak Realty, has announced a five-for-three scrip issue, writes Wung Sulang from Kuala Lumpur. The company is also increasing its authorised capital from 5m to 50m ringgit.

La Redoute still sees growth

BY DAVID WHITE IN PARIS

AFTER CUTTING drastically its loss-making foreign interests, the French mail order and retail group La Redoute expects to re-establish profit growth in its financial year ending on February 29.

The group's chairman, M. Henri Pollet, was less specific in a recent letter to shareholders than at the annual meeting in August, when he put the likely increase in consolidated earnings at between 14 and 15 per cent. Economic conditions were too uncertain to make a precise forecast, he said.

In the previous financial year, group and parent company net profits were both slightly down, at FFr 39m ($9.75m) and FFr 44m ($11m) respectively.

The parent company's net profit for the first half of the year was FFr 15.3m, compared with FFr 14.5m in the same period a year before. This was after provisions of FFr 3.3m to cover exceptional losses resulting from the group's withdrawal from Belgium and Spain.

La Redoute is completing the closure of its Belgian subsidiary Sartha, and has sold its 50 per cent stake in the Spanish Venca group to its Spanish partner Postalia. It is, however, keeping its Italian mail order offshoot Vestro, where a recovery programme is expected to produce a sharp reduction in losses this year.

At the same time, the group has expanded its French interests. It has bought up the remaining 50 per cent in a finance company, Finaref, from the Suez affiliate La Henin. Finaref runs a credit card scheme.

Premaman, La Redoute's mothers' and children's wear chain, recently exercised its option to buy an 80 per cent stake in the rival Prenatal and Materna shops for FFr 8m. The takeover takes effect from the beginning of this year.

Premaman, with a sales growth of 20 per cent in the first nine months of the financial year, has been doing much better than La Redoute's 16 other clothing shops, which have shown an increase in sales of only 7 per cent, well below expectations.

Unexpected surplus for DSM

BY CHARLES BATCHELOR IN AMSTERDAM

DSM, the State-owned Dutch chemicals group, unexpectedly made a profit in 1979 although it had earlier forecast a loss of up to Fl 200m ($106m).

This surprising improvement in the result was due to increased demand for a number of the company's products which enabled it to increase prices, Mr. W. Bogers, managing Board president said in a new year message. Despite an increase in costs the company was still able to improve its profit margin. DSM gave no indication of the size of its expected profit.

It is unclear to what extent the unexpected increase in demand will be continued in the current year, particularly in view of further increases in oil prices, Mr. Bogers said.

The improvement does not mean that the company has solved its fundamental problems. Overcapacity for bulk products continues among the European chemical companies and DSM will still have to carry out its plans for internal cost cutting.

It said in May that it expected a considerable loss in the whole of 1979 as well as continuing losses for a further two to three years. DSM has high operating costs at its main chemical complex in Limburg in the south eastern Netherlands, while its recently completed investment programme is imposing heavy charges.

The result at the half way stage was better than expected however. A loss of Fl 35.6m was reported for the six months to June compared with a profit of Fl 30.9m in 1978 but the loss was lower than expected. Sales in the first six months rose 16 per cent to Fl 6.2bn ($3.3bn).

While profits have fallen sharply in recent years from the peak of Fl 518m in 1974, last year would have been the first year in which it had moved into the red. In 1978 profit at the net level was Fl 26m on sales of Fl 10bn.

DSM confirmed that the acquisition of full control of the Unie van Kunstmestfabrieken fertiliser group had taken effect on January 1 after the completion of its already announced plan to buy out Royal Dutch Shell's 25 per cent holding.

* * *

The Dutch food retailing group Ahold has reported a slow-down in the rate of growth in 1979. Turnover rose nearly 8 per cent to Fl 5.3bn ($2.8bn) compared with the 19 per cent increase of the year before.

The company was "not dissatisfied" with the performance last year but gave no details of profits.

Turnover growth slowed as the year progressed, the latest figures show. In the first half, Ahold achieved a turnover increase of 8.5 per cent to Fl 2.8bn and net profit of Fl 25.5m ($13.5m).

Ahold said in September that it did not expect profit in the year as a whole to differ much from the Fl 48.6m in 1978. Tough competition in the Netherlands has put pressure on margins. The reorganisation of discount stores has not gone as smoothly as planned and the company was forced to pull out of its unprofitable chain of "do-it-yourself" stores.

Spain to compensate for Metro takeover

By Robert Graham in Madrid

THE SPANISH Government has initiated an unusual scheme to compensate shareholders for the nationalisation in June 1978 of the Madrid Metropolitan Company, which runs the capital's underground transport system. Shareholders in the Metro are being offered shares from the State holding in the national telephone company.

The compensation is being offered on the basis of three Telefonica shares for every two Metro shares held, and is open until January 15. The Government considers the offer highly advantageous, and expects shareholders to accept. The principal shareholders are the Banco de Vizcaya and Don Juan Bourbon.

The shares will not be able to be traded for the next three years, but after that the Government has guaranteed their value at their average price in the last quarter of 1979. The State, through the Ministry of Finance and the Bank of Spain, has a combined holding of 48 per cent in Telefonica. It is estimated that the nominal value of the Metro shares represents just under 2 per cent of this State holding. On the assumption that the offer will be accepted the State holding will then be assumed on the basis of 75/25 by the Madrid municipality and the Madrid County Council.

The Metro was nationalised in June, 1978, following a long series of problems and accidents, culminating in three between May and June that year which resulted in over 300 people being injured. The management of the company maintained that Government price freezes had prevented the concerns from making adequate cash flow for investment. However, there had for some time been strong public complaints about the quality of the service provided by the company, which had been operating since 1919.

This is the first time that the Government had adopted such a procedure in compensation for nationalisation. The Metro nationalisation is only the second State takeover in the past four years.

Ben Company sale approved

SINGAPORE—Ben and Company shareholders have approved the proposed sale of the wholly-owned subsidiary, Warehousing and Transporation Pte. (W. and T.) to Straits Steamship Co.

Ben, a 67 per cent owned subsidiary of Straits, said the price was S$ 10.94m less the net dividend of S$ 702,000 paid by W. and T. to Ben.

Reuter

WORLD STOCKMARKETS

Hong Kong hit by profit-takers

BY PHILIP BOWRING IN HONG KONG

THE SEEMINGLY ever optimistic Hong Kong stockmarket finally got jittery today and the Hang Seng Index fell 27 points to 862. To some extent the reaction was of profit-taking after the phenomenal rise that the market has enjoyed in recent weeks, and in the last few days in particular. The index has climbed from 500 a year ago with the rise gathering pace recently at a remarkable rate.

It took just six weeks from mid-October to climb 150 points to the 800 level, and the last 90 points to 889 were gained in just six trading days between December 20 and January 2.

Another major factor in today's drop was the growing fear that the government will take even tougher measures to curb property speculation. The property boom and its attendant surge in money and credit has been the main ingredient in the recent market surge.

Though the market shrugged off the extension two weeks ago of government rent control to all existing domestic lettings, it is now worried that the Government may ban forward sales on flats. Residential developments in Hong Kong are usually wholly or partly sold, and often change hands several times before completion. If forward sales are banned, it could limit the willingness of banks to lend construction finance on the scale they now do and force development. Such a practice would raise development risks for the companies—though also rewards should the market rise appreciably during the construction period.

There are worries, not only among developers and stockmarket bulls, that further Government intervention in the property market would have adverse long term consequences. But Government is under increasing political pressure to dampen the speculative boom and ease prospects for home buyers. It has been either unwilling or unable to tackle the problem at its root—excess credit—so is now trying to treat the symptoms.

Madrid prices fall 16 per cent

By Our Madrid Correspondent

SHARE PRICES on the Madrid stock exchange fell by an average of 16 per cent during 1979, the only sector to sustain share values was utilities.

Given that Spain's inflation in 1979 was 16 to 17 per cent, there has been a substantial real drop in share values. The main surprise has been the erosion in the value of banking shares—traditionally regarded as blue-chip investments—especially during the latter part of the year.

Commercial bank shares fell 11.7 per cent while industrial bank share values dropped an average of 25.6 per cent. The latter fall reflected the difficulty encountered with loans and equity participation in troubled industrial sectors.

The worst affected sector was steel and engineering, where values were cut by almost 40 per cent. Textiles and chemicals lost 25 per cent while construction companies fell 24 per cent. On the other hand foodstuffs held up reasonably well dropping only 8 per cent.

Overall the utilities, controlled by the private sector, showed an increase of 0.2 per cent, but some companies enjoyed increases of 18 per cent and over.

Tight money lowers Frankfurt turnover

BY GUY HAWTIN IN FRANKFURT

TURNOVER on the Frankfurt Bourse, West Germany's leading stock exchange, fell by 21.3 per cent last year compared with the 1978 figure. A stock exchange statement yesterday put the year's sales at only DM 31.7bn ($18.525bn).

On the equities side, turnover dropped by 20.9 per cent to DM 12.5bn, while the figure for fixed interest securities fell 22 per cent to DM 19.2bn.

Frankfurt's stock exchange is by far the most important of West Germany's eight stock exchanges. Its performance is expected to accurately reflect the returns from the others.

Analysts attribute the decline to the Bundesbank's restrictive monetary policies during the course of 1979. The Central Bank's "tight money" approach has severely restricted the liquidity of the German financial institutions — the Federal Republic's biggest securities operators.

WORLD STOCK MARKETS

Dow 4.9 lower at mid-session

WORSENING U.S.-Soviet relations and the further upsurge in gold and silver prices caused a further sharp and widespread setback on Wall Street early yesterday, but the market was showing some recovery by mid-session. Trading was very heavy.

The Dow Jones Industrial Average, after falling 10½ points more by 11.00 am, had rallied to 819.71 by the 1 pm calculation, leaving a net decline of 4.86 on the overnight level. The NYSE All Common Index was 57 cents lower on balance at $60.12, after touching $59.85, while falls outscored advances by a six-to-one ratio at mid-session after an initial 10-to-one lead. Turnover swelled to 36.86m shares from Wednesday's 1 pm figure of 25.35m.

Robert Nurock, of Butcher and Singer, said the "severe political uncertainty" resulting from the Soviet action in Afghanistan was enough "to trigger a tremendous emotional response."

Analysts also noted that issues that have been the strongest lately, such as energy shares, were the hardest hit, indicating investors wanted to lock in their profits.

In the energy group, Standard Oil (Ohio), off 3½ earlier, recovered to $82¼ for a net decline of ¾. Superior Oil gave up 1¾ to $126 after falling to $123 at one point.

Some Gold, Silver and Copper shares continued to rise, but others were hit by profit-taking. Volume leader Benguet gained ⅞ to $7⅞, Asarco 1⅛ to $38 and Hecla Mining ⅞ to $48¾, but ASA fell 1⅝ to $33⅞, Sunshine Mining 1⅞ to $35⅞ and Homestake Mining 1¼ to $55¼.

Eastman Kodak slipped ¼ to $45 and Polaroid ⅜ to $25⅜. Both are major silver users.

Some of the defence stocks firmed on expectations of increased U.S. military spending. Lockheed rose 1⅛ to $34¼, United Technologies ⅜ to $42⅜ and General Dynamics ½ to $59.

Ford Motor lost ⅜ to $31⅛, but General Motors added ⅛ to $49⅞. Ford reported an 18.3 per cent drop in mid-December car sales, but GM said sales for the period were off only 4.2 per cent.

THE AMERICAN SE Market Value Index retreated 2.94 to 238.4 at 1 pm on substantial volume of 6.70m shares (4.77m).

Closing prices for North America were not available for this edition.

Canada

Market relinquished further ground in another very active morning session, with the exception of the Gold shares sector, which moved ahead 144.7 more on index to 3,025.7 at midday. The Toronto Composite index fell 26.4 to 1,779.7, Oil and Gas to 102.0 to 3,541.6 and Metals and Minerals 2.9 to 1,812.2. In Montreal, Banks receded 8.36 to 301.72, Utilities 3.20 to 242.3 and Papers 2.23 to 162.89.

Germany

With sellers dominating a market upset by world political tension and wild rises in the price of gold, shares fell further across a wide front. The Commerzbank index receded 12.5 to a 1978-80 low of 695.5.

Among Motors, Volkswagen lost DM 6.50 and Daimler-Benz DM 4.30, while Machine Manufacturers also showed some sharp declines. Babcock retreated DM 5.50 and GHH DM 5. Brown Boveri were down DM 5.5 in Electricals and Thyssen DM 2.90 weaker in Steels.

In Chemicals, BASF shed DM 3.40, Hoechst DM 1.80 and Bayer DM 1.30, all relatively large falls for a sector considered more stable than others.

Banks closed above the worst, with net losses generally not exceeding DM 2.

Australia

Stocks were again predominantly higher, led by Gold, Silver, Base Metal, Oil and alternative energy issues, although trading was punctuated by some profit-taking yesterday. The Sydney All Ordinaries index advanced 11.21 further to a record high of 771.21 and the Metals and Minerals sub-group index rose 135.25 more to 4,847.88.

The continuing boom in world bullion prices spurred on gold issues, with Central Norseman Gold adding A$1.00 at A$6.90 and Poseidon 30 cents at A$2.70, although GMK were only 5 cents harder at A$4.00.

Among other Metal Mining shares, Bougainville rose 22 cents to A$2.92, MIM 25 cents to A$4.75, Western Mining 15 cents to A$3.75, BH South 20 cents to A$4.45, reflecting the general buoyancy of metal prices.

In the Oils sector, Crusader Oil climbed 15 cents to A$2.35, Woodside Petroleum 8 cents to A$2.40 and Hartogen Energy 20 cents to A$2.95. Market leader BHP, still buoyed by its oil interests, gained 20 cents more to A$12.30.

Selling developed in the recently strong Ashton Diamond group of stocks on a newspaper article which pointed out that the share market had put a value of A$1bn on the diamond prospect before the operation was properly under way. CRA relinquished 6 cents at A$5.30 and Ashton Mining 19 cents to A$3.05.

Among Industrials, Thomas Nationwide put on 9 cents to A$2.00 and Bundaberg Sugar 20 cents to A$7.40. Bellambi Coal gained 10 cents to A$4.15 and Howard Smith 20 cents to A$7.60.

Hong Kong

Stocks retreater sharply across the board, led by Properties, on market rumours that the Hong Kong Government is preparing to announce moves to curb property speculation. On heavy profit-taking, the Hang Seng index fell 27.07 to 862.06 from the new six-and-a-half-year peak reached the previous day. There was another large turnover, amounting to HK$337.05 on the four stock exchanges, against Wednesday's HK$369.20m.

Expectations of a move on property speculation compounded market nervousness ahead of the January 18 legislative debate on the Government's proposed rent controls, dealers said.

They added that there may have been some switching into the sharply firmer Bullion market, but did not believe this was on a significant scale.

Hong Kong Land lost 30 cents to HK$13.90, Hongkong Wharf 50 cents to HK$74.50, Hutchison Whampoa 25 cents to HK$9.20, Jardine Mathison 60 cents to HK$16.40, Hong Kong Bank 30 cents to HK$18.90 and Swire Pacific "A" 35 cents to HK$9.30. Cheung Kong declined 80 cents to HK$20.00, Hongkong Hotels HK$1.00 to HK$33.00 and New World 20 cents to HK$3.65.

Paris

Continuing fears over mounting international tension and soaring gold prices caused domestic and foreign shares in Paris to lose further ground, but selective institutional support later in the session left some issues above the worst or higher on balance.

Events concerning Afghanistan remained the overriding factor, with the gold bar, kilo and coins all showing dramatic price increases in their Bourse fixings.

Metals stock Penarrova rose sharply against the trend to FFr 70 from FFr 59 after being temporarily suspended due to strong buying orders. Among other firm exceptions were Imetal, up FFr 2.5 at FFr 65, Pernod Ricard, FFr 13 higher at FFr 259, and BSN, FFr 20 better at FFr 870.

Johannesburg

Gold shares closed mainly higher but well below the day's best after fluctuating wildly in the wake of the Bullion price's sharp movements amid hectic and very nervous trading. Net gains in heavyweights ranged to 100 cents, as in FS Geduld, R52.00.

Mining Financials mirrored gold producers, with Amgold closing R12.50 higher at R103.50, after touching R108.50. Platinums rose afresh on record free market prices, while Coppers were firmer where changed. Industrials were quietly firmer.

Tokyo

The market continued its long New Year holiday closure yesterday.

Indices

NEW YORK—DOW JONES

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	1979-80 High	1979-80 Low	Since Compiltn High	Since Compiltn Low
● Industr'ls	824.87	838.74	838.91	840.12	838.14	839.16	897.21 (5/10)	796.67 (7/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	75.47	75.35	75.35	75.39	75.78	74.44	86.18 (18/6)	75.35 (31/12)	—	—
Transport.	246.71	252.39	253.26	252.67	252.67	258.94	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	106.86	106.60	107.04	107.21	107.65	107.81	109.74 (17/12)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's†	41,020	31,530	34,513	31,540	35,040	12,100	—	—	—	—

●Day's high 841.21 low 822.36

Ind. div. yield %	Dec. 28	Dec. 21	Dec. 14	Year ago (approx)
	6.03	6.03	6.00	6.00

STANDARD AND POORS

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	118.41	121.02	120.88	121.04	120.83	120.70	124.49 (15/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	105.76	107.94	107.84	107.86	107.78	107.66	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 26	Dec. 12	Dec. 12	Year ago (approx)
Ind. div. yield %	5.27	5.24	5.25	5.21
Ind. P/E Ratio	7.37	7.70	7.55	8.53
Lon. Gov. Bond Yield	10.17	10.09	10.21	9.25

N.Y.S.E. ALL COMMON

Jan. 2	Dec. 31	Dec. 28	Dec. 27	1979-80 High	1979-80 Low
60.69	61.96	61.88	61.21	62.88 (21/8)	53.88 (27/5)

Rises and Falls	Jan. 2	Dec. 31	Dec. 28
Issues Traded	1,909	1,880	1,969
Rises	433	762	738
Falls	1,151	760	758
Unchanged	322	458	478
New Highs	52	82	63
New Lows	65	71	54

MONTREAL

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1979-80 High	1979-80 Low
Industrial	326.32	329.92	329.89	330.88	332.12 (5/10)	219.10 (2/1)
●Combined	308.82	311.44	311.35	311.89	314.35 (5/10)	225.82 (2/1)
TORONTO Composite	1806.1	1813.2	1804.3	1798.6	1815.2 (31/12)	1316.8 (2/1)

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	1979-80 High	1979-80 Low
AUSTRALIA						
Sydney All Ord. (1936/68)	771.27	760.00	(c)	749.63	771.21 (3/1/80)	545.72 (2/1/79)
Metals & Minls (1936/69)	4847.88	4712.63	(c)	4535.63	4847.88 (3/1/80)	2587.34 (2/1/79)
AUSTRIA						
Credit Aktien (2/1/62)	69.20	68.85	(c)	69.30	69.30 (28/12)	51.53 (2/5)
BELGIUM						
Belgian SE (31/12/63)	101.49	101.95	(e)	102.82	109.47 (5/10)	98.80 (8/1/79)
DENMARK						
Copenhagen SE (1/1/73)	95.87	96.74	(c)	97.67	97.48 (25/7)	95.67 (3/1/80)
FRANCE						
CAC General (29/12/61)	97.1	(u)	(e)	102.70	118.1 (5/10)	82.4 (18/2)
Ind Tendance (28/12/79)	95.3	96.7	(e)	—	100.3 (28/12/79)	95.6 (3/1/80)
GERMANY						
FAZ-Aktien (31/12/58)	220.73	225.29	(e)	227.27	265.60 (16/1)	220.73 (3/1/80)
Commerzbank(Dec.1953)	695.5	708.0	(c)	715.73	838.60 (16/1)	695.5 (3/1/80)
HOLLAND						
ANP-CBS General (1970)	82.7	84.6	(e)	84.80	94.2 (24/1)	82.7 (3/1/80)
ANP-CBS Indust. (1970)	66.1	68.1	(e)	68.40	85.9 (24/1)	65.7 (16/12)
HONG KONG						
Hang Seng Bank(31/7/64)	862.06	889.13	879.38	852.10	889.13 (2/1/80)	493.93 (2/1/79)
ITALY						
Banca Comm. Ital (1972)	85.35	85.11	82.45	81.82	88.85 (4/10)	65.38 (2/1/79)
JAPAN						
Dow Average (16/5/49)	(c)	(c)	(c)	6569.73	6590.63 (29/9)	5925.87 (18/4)
Tokyo New SE (4/1/68)	(c)	(c)	(c)	459.61	465.24 (28/9)	435.13 (18/7)
NORWAY						
Oslo SE (1/1/72)	133.78	135.01	(c)	134.52	142.22 (15/12)	74.46 (16/1)
SINGAPORE						
Straits Times (1966)	423.75	436.22	435.41	434.12	436.41 (31/12)	346.84 (23/2)
SOUTH AFRICA						
Gold (1958)	(u)	540.3	(c)	530.8	540.3 (2/1/80)	228.40 (17/4)
Industrial (1958)	(u)	456.3	(c)	451.2	456.3 (2/1/80)	270.60 (2/1/79)
SPAIN						
Madrid SE (28/12/79)	100.52	100.75	—	100.00	100.75 (2/1/80)	100.00 (28/12/79)
SWEDEN						
Jacobson & P. (1/1/58)	346.27	362.55	(c)	351.83	401.54 (8/2)	331.37 (24/9)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	302.8	303.9	(c)	302.70	323.10 (2/5)	294.00 (3/1/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Benguet	883,500	7⅛	+1⅛
Eastman Kodak	621,800	45½	−2⅝
Am. Tel. & Tel.	551,700	52	−⅛
Asarco	486,400	36⅝	−⅞
Exxon	413,500	53⅝	−1⅛
IBM	412,000	62½	−2⅛
Texaco	379,000	28	−⅞
Philip Morris	370,500	34½	−1½
Boeing	366,800	49⅝	−1
Mobil	326,900	31⅝	−3⅛

Quota fears hit sugar prices

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR prices fumbled yesterday as the market waited for the International Sugar Organisation's review of export quotas. The London daily price for raw sugar was cut by £7 to £172 a tonne in the morning. May futures closed nearly £6 down at £175.875 after falling to £174.50 at one stage.

The market opened lower following the decline in New York overnight, and was then hit by further nervous profit-taking sales mainly from speculators.

However, the main influence depressing the market was uncertainty as to what action the International Sugar Organisation executive committee meeting would take.

The main topic for discussion is by how much export quotas should be raised for 1980 to damp down the market and stop the 15-day average price going above 15 cents a lb for five trading days. If this were to happen quotas would automatically be suspended and a free-for-all would ensue. Instead it is suggested that the quota cutback of 15 per cent to 85 per cent of total entitlements could be raised by 10 per cent, releasing over 1m tonnes of extra sugar for sale during the year.

However some producers are believed to be arguing that before any increase in quotas is made, the Agreement's price range should be raised to a more "realistic" level from the present "floor" of 11 cents a lb and "ceiling" of 21 cents a lb. It is claimed that the devaluation of the dollar alone justifies a substantial increase in the range.

The executive committee is not authorised to make changes in the price range, which is to be reviewed by a full Council meeting in March.

The EEC Commision at its weekly selling tender only authorised exports of 5,250 tonnes of white sugar compared with 84,750 tonnes at its last tender on December 19. News of this sharp cutback in exports brought a brief rally on the market, but it was thought the decline was mainly for technical reasons over the holiday period with export rebates not adjusted properly in line with the recent price fluctuations.

Faroese fishing boat barred from Aberdeen

BY OUR OWN CORRESPONDENT

A FAROESE fishing vessel has been refused permission to land at Aberdeen fish market when it re-opens today after the New Year break because of fear of protests from local fishermen.

Aberdeen vessels have had to withdraw from Faroese waters under a reciprocal arrangement between the Faroes and EEC not to fish in each other's areas until the conclusion of negotiations on a new agreement in Brussels next week.

But fishermen are incensed at the prospect of Faroese landings after their own withdrawal from Middle Faroese waters and after a year during which they allege harassment by Faroes gunboats and increasingly restrictive regulations made fishing there nearly impossible.

Yesterday Mr. Joe McLean, secretary of the Trawl Officers Guild in Aberdeen said: "This would just be pouring salt into an open wound. All the EEC countries are banned from fishing the Faroes and it would be a travesty of justice for a Faroese boat to land here."

Mr. McLean added: "If there are any landings we will demonstrate and stop the boats."

Last Friday three skippers made their first appearance in private in Aberdeen sheriff court charged with malicious mischief in connection with an incident at Aberdeen fish market on October 29 in which paraffin was allegedly splashed over £15,000 worth of Faroese landed fish.

Mr. Robert Allan, chief executive of Aberdeen Fishing Vessel Owners' Association which as employer of dock labour at the fish market has the right to accept or refuse vessels for landing said: "There is a very sensitive climate about the landings of Faroese vessels in Aberdeen."

Mr. Allan added, however, that the port was not operating an embargo on Faroese boats and each application from a Faroese boat would be treated separately.

Ivory Coast denies cocoa sales

By Our Commodities Staff

THE IVORY Coast yesterday denied reports circulating in New York and London that it had sold cocoa to the U.S. over the past few days.

The Ivory Coast, the world's largest cocoa producer, halted sales in October because it was dissatisfied with world price levels. It is estimated that the country's stockpile of cocoa has reached about 190,000 tonnes as a result of this policy. Last month at a meeting in Abidjan, the Ivory Coast capital, other producers agreed to co-operate in defending an undisclosed minimum price by withholding cocoa from the world market.

London traders said the Ivory Coast might possibly have sold some cocoa when the price reached £1,540 a tonne in mid-December. But the market has fallen over £100 since then and they doubted very much that it would be willing to sell at current levels. They attributed the recent decline to speculative selling emanating mainly from New York.

On the London market yesterday May delivery cocoa gained £28.5 to £1,454 a tonne

U.S. producers lift copper prices

U.S. COPPER producers took advantage of the rise in the market to lift their domestic selling prices again. Asarco, which raised its copper price twce on Wednesday, yesterday lifted it again by 8 cents to a record 120 cents a lb. A more modest rise was announced by Phelps Dodge, which put its price by 6 cents to $1.12 a lb.

Copper was the only base metal to follow the excitement in the silver and gold market. Cash wirebars jumped by over £80 in early trading but then lost ground to close £28.5 up at £1,076 a tonne. Dealings were hectic with a turnover of nearly 46,000 tonnes on the Exchange.

In contrast the other base metal markets were subdued. Aluminium and nickel futures did move higher in thin trading, but cash zinc lost £13.5 to £331.5 a tonne and cash lead and tin were also lower. Asarco announced a cut in its domestic U.S. selling price for lead of 3 cents to 52 cents a lb.

EEC DAIRY HERD

Checking the milk flood

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS fashionable at this time to review the past decade, and make predictions for the next. So it is instructive to take a look at the performance of the EEC dairy herd. For most of the decade, milk has been in what is called structural surplus, and various measures have been devised to check the flood and deal with it.

Thanks to the open-ended nature of the EEC Guarantee Fund disposal of the surplus has worked. Intervention stocks of butter and skimmed milk powder are at manageable levels, but the cost of keeping them down to this have been heavy. Something like £2.5bn or £100 for every one of the 25m cows in the Community herd.

This is a point worth remembering when, as now, Community interests are congratulating themselves that the skimmed milk powder mountain has shrunk to the extent of a temporary shortage. It has only shrunk because it had to be subsidised to sell in competition with soyabean meal and other proteins for animal feeds. Butter sales are also heavily subsidised, both for export and to institutional and manufacturing outlets.

During the decade the European dairy herd has shown a tendency to rise: by 2 per cent from 24.7m in 1970 to 25.3m in 1978—the last full year of statistics. Latest information shows no significant fall. Its output though has shown a significant increase of 23 per cent as against the herd increase of 2 per cent. This yield increase is the prime reason for the current surplus estimated at 17 per cent annually.

In demand terms, though, 17 per cent probably understates the surplus, as 40 per cent of butter actually sold within the Community is apparently subsidised, as of course is the bulk of the skimmed milk powder.

Some countries increased their deliveries to dairies significantly: Ireland by 61 per cent, Holland by 42 per cent, the UK by 27 per cent. Germany with 16 per cent was comparatively modest, so too was France with an average increase of about 22 per cent. But nowhere was there a significant increase in the consumption of milk and dairy products—in fact very much the reverse. Only in the UK and Ireland did the market for liquid milk, which fell marginally, resist the collapsing consumption of the other members, which ranged from 25 per cent to 40 per cent. It is true some countries increased consumption of skimmed and semi-skimmed milk, but this simply increased the production of butter.

The average personal consumption of butter fell by 8.7 per cent but there was an encouraging increase of 19.7 per cent in cheese consumption. However, this is not as good as it looks as a pound of cheese only absorbs a gallon of milk in its production, as against about three gallons for butter.

In spite of the fall in consumption, butter output overall has increased by 26 per cent over the decade, while its marketing potential at anything like its cost of production actually appears to be shrinking.

The reason butter receives most of the subsidising, is that it is the residual product after every other, more profitable outlet has been exploited. It is for this reason that butter and its complementary product, skimmed milk powder, were chosen for subsidy.

This is the depressing picture facing the Commission in the run up to this year's price review. It is at present the most expensive part of the CAP budget. I say at present; because even if the milk problem could be solved by some miracle, others would rise to take its place.

The Commission's present thinking is based on some form of cut off of the money supply, either in the form of a co-responsibility levy or a definite cut in sums available for intervention buying, and possibly restitutions or export subsidies. Any of these suggestions would, if carried out, reduce dairy farmers' incomes. In no way would this reduce milk output, because dairy farmers for the most part have little alternative and intend to keep on farming. Every farmer in a developed country has learnt that the way to increase profits in a time of falling prices is to step up production.

Other alternatives floated include:—

● A tax on vegetable oil fats such as margarine to remove its competition with butter. This move is much favoured in France, but is probably impossible to adopt politically.

● A tax on soya and other protein animal feeds so that the cost of compounds would increase. For some reason the Community bureaucrats think that all the surplus comes from imported feeds. This isn't very practical, but would affect the UK and Holland more than anywhere else. In any case, any such measure would have a serious impact on other livestock production.

● The extension of the subsidies for giving up dairying—paying people not to milk cows in fact. This has been tried for sometime now, and while several hundred thousand cows have been removed from the EEC herd under subsidy, the total herd still increases, as does its production.

● A quantum or quota scheme under which the amount of money available is strictly rationed according to production over a basic figure. This, if applied on a national basis, might achieve something sensible as it would bring the facts of overproduction closer to those responsible for it. But in the eyes of the Eurocrats national schemes are rejected as non-Communautaire.

Faced with a set of alternatives, all of which will upset farmers in some way or another, it can confidently be predicted that nothing will be done at all. This will be the case at least for another year until a new Commission is in being and new governments elected in those sensitive areas, France and Germany. Unless Mrs. Thatcher should take the CAP bull by the horns, as it were, and switch off its money supply.

Doubts on UK intensive dairy feeding

BY RICHARD MOONEY

BRITAIN'S specialist dairy farmers earn 35 per cent smaller profits per hectare than their counterparts in Brittany even though they farm 2½ times as much land and obtain nearly a quarter more milk from their cows, according to a Milk Marketing Board report* published yesterday.

The report, which questions the wisdom of the highly intensive feeding programmes used on British dairy farms, compares the performances of 229 Breton dairying operations with 80 of Britain's most specialised milk producers.

It shows that in the 1977/78 season, the UK farms earned an average profit of only £137 per hectare while in Brittany, the heart of the French dairy industry, net profits averaged £210 per hectare.

Breton-style dairy farming is based on self-sufficiency, with herds being fed as much as possible on home-grown forage. In contrast, British farmers achieve their higher yields by feeding large amounts of concentrates. Farmers in the British sample spent £182 per cow in 1977/78 on this expensive high-protein feed—nearly twice as much as the Bretons. To meet their higher forage needs, however, the French spent more on fertilisers—£40 per cow compared with £26 in Britain.

In terms of profits neither approach showed a significant advantage. The gross margin on milk production was £304 per cow in Brittany and £306 in Britain.

Where the French scored was in higher livestock receipts and, because of their smaller units, much lower labour costs.

With calf prices nearly twice those in Britain and cull cows and heifers fetching 49 per cent and 37 per cent more, the Breton farmers earned £247 per hectare from livestock sales against £142 for their British counterparts.

For all their apparent advantages, however, the report identified one possible drawback for the Bretons—overcapitalisation. Encouraged by subsidised interest rates, half those paid by British farmers, the dairy farming industry in Brittany has become very capital-intensive and in spite of their smaller units, the farmers' debt burden was £34,169 against £22,843 in Britain.

Another MMB report** published yesterday indicates that British dairy farmers may be running up against the law of diminishing returns in their search for still higher yields. The sample studied fed 73 kilos more concentrate feed per head to their cows in the year to March 1979 but added only 80 litres to the average milk yield.

With the gross margin per hectare rising less than 6 per cent to £565, compared with a 20 per cent rise in overhead costs, profitability took a knock.

Net profits fell to £9,739 on average compared with £10,193 in the previous year for the British dairy farmer. Management and investment income fell even more steeply to £5,372 from £6,912, and return on capital slumped to 7.2 per cent against 11.4 per cent in 1977-1978.

*A Comparison of Dairy Farming in Brittany and England and Wales. **An Analysis of FMS Costed Farms 1978-79, published by the Milk Marketing Board Farm Management Services' information unit.

Lower Chinese harvest estimated

WASHINGTON — China's total 1979 grain harvest is now estimated at 315m tonnes, 3 per cent above the 304.8m tonnes produced in 1978, with most of the increase in wheat, the U.S. Agriculture Department's officer in Peking said in a field report.

Winter planted grain appears in fair to poor condition with the sown area probably less than a year earlier, the report said.

Late planting and dryness could reduce wheat yields in 1980, but there is no information to support the view that wheat production will be down sharply from the 57m tonnes estimated for 1979.

Total grain purchases by the state are expected to be between 52m and 54m tonnes, about 17 per cent of 1979 production. Grain imports will account for about 15 per cent of the 1979/80 total state grain purchases, the report added.

Reuter.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on balance on the London Metal Exchange after one of the most active days for some time. The soaring bullion price and wild gyrations in silver saw forward metal open around £1,115 and moved ahead strongly to touch £1,160 in the morning rings following heavy speculative buying. On the morning kerb heavy speculative selling and profit-taking developed which pared the price to £1,115. Prior to the opening of Comex the market lifted to £1,135. Comex opened limit-up but subsequently fell away and London dropped sharply with forward metal finally quoted at £1,078 on the late kerb, after £1,070. The contango widened to £27. Turnover 45,925 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,132, 28, 27, three months £1,140, 42, 41, 40, 41, 43, 44, 45, 46, 48, 50, 51, 52, 53, 54, 55, 58, 60, 59, 58, 56, 55, 54, 52, 51, 50. Cathodes: cash £1,098, 99. Kerb: Wirebars, three months £1,142, 43, 42, 44, 43, 40, 34, 30, 28, 29, 28, 25, 24, 23, 27, 25, 26, 27. Afternoon: Wirebars, three months £1,110, 05, 08, 10, 13, 12, 11, 10, 09, 08, 08, 08, 09, 10, 12, 15, 16, 13, 10, 09, 09, 05, 04, 03. Kerb: Wirebars three months £1,098, 95, 93, 90, 89, 85, 89, 88, 85, 80, 81, 80, 85, 88, 87, 85, 80, 75, 70, 72, 75, 78, 79, 80, 79.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1127-8	+88	1075-7	+28.5
3 months	1150-1	+86.5	1103-5	+36.5
Settlem't	1128	+88	—	......
Cathodes				
Cash	1098-1100	+86	1048-50	+28
3 months	1130-1	+86.5	1083-5	+40
Settlem't	1100	+86	—	......
U.S. Prod	—	......	103-107	......

TIN—Barely changed. Forward metal opened firmer at £7,340 and edged up to £7,380, reflecting the buoyancy of copper and precious metals. However, the market failed to sustain this level as a downturn in copper brought out fight profit-taking which depressed the price to £7,300 on the late kerb with the backwardation narrowing to around £180. Turnover 1,000 tonnes.

Morning: Standard, cash £7,540, three months £7,340, 50, 60, 50, 40, 30, 20. Kerb: Standard, three months £7,300. Afternoon: Standard, cash £7,475, 80, three months £7,300, 20, 10.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7540-5	+12.5	7480-5	—7.5
3 months	7330-50	—10	7310-30	......
Settlem't	7548	—15	—	......
Standard				
Cash	7540-5	—12.5	7480-5	—7.5
3 months	7325-35	—8.5	7310-5	+7.5
Settlem't	7535	—15	—	......
Straits E.	$82107	—4		......
New York	—	......		......

Kerb: Standard, three months £7,310, 7,300.

LEAD—Barely changed. After moving up to £528 on the pre-market following the sharp rise in precious metals and copper forward metal fell steadily on trade selling. This depressed the price to around £511 on the morning Kerb but the market picked up to touch £515 in the afternoon on light speculative buying before easing afresh to close the late Kerb at £514. Turnover: 14,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	533-5	—6	530-2	—5
3 months	518-9	—1	518-9	+2
S'ment	535	—6	......	......
U.S. Spot	—	......	*57-59	......

Morning: Cash £528, 30, 32, three months £526, 27, 26, 24, 23, 20, 18, 16, 17. Kerb: Three months £517, 18, 15, 14, 13, 11. Afternoon: Cash £530, three months £512, 13, 14, 15, 14, 16, 12, 20, 18, 17, 18. Kerb: Three months £512, 13, 14.

ZINC—Lost ground with forward metal falling back from £362 on the pre-market to close the late Kerb at £347, reflecting nervous selling. Turnover: 5,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	339-41	—3.5	331-2	—13.5
3 months	353-4	—3	346-.25	—13.3
S'ment	341	—3	......	......
Prim w'st	......	......	*37.5	......

Morning: Three months £352, 51, 50, 58, 53, 52, 53, 54, 53. Kerb: Three months £349. Afternoon: Three months £349, 45, 46, 47, 46.25. Kerb: Three months £347, 46, 47.

ALUMINIUM—Moved ahead. Forward material opened around £890 and quickly rose to £903 buoyed by the firmness of other metals. However, heavy stop-loss selling was reported in the afternoon and this pared the price to £870. This level, however, attracted renewed fresh buying and three months recovered to close the late Kerb at £888. Turnover: 12,210 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	922-4	+35	913-5	+21.5
3 months	803-4	+34	892-3	+15

Morning: Cash £915, 20, 22, 23, early January £923, three months £895, 95, 98, 99, 900, 899, 900, 02, 03. Afternoon: Cash £918, 20, 15, three months £897, 98, 97, 96, 97, 96, 95, 94, 93, 94. Kerb: Three months £890, 94, 90, 89, 85, 83, 82, 80, 78, 75, 73, 70, 72, 80, 85, 83, 82.

NICKEL—Higher. Forward metal opened higher at £2,940 and moved up to touch £2,980 owing to the strong gains in other metals. A reaction in copper brought out profit-taking in nickel and this pared the price to £2,925 on the morning Kerb. In the afternoon the market rose afresh and picked up to close the late Kerb at £2,980 as influential buying from one quarter was reported. Turnover: 1,224 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2850-60	+50	2850-60	+20
3 months	2950-60	+82.5	2945-50	+25

Morning: Cash £2,850, three months £2,940, 70, 50, 60, 55, 50. Kerb: Three months £2,925. Afternoon: Three months £2,940, 45. Kerb: Three months £2,950, 60.

INSURANCE BASE RATES

† Property Growth	13¼%
† Vanbrugh Guaranteed	14.5%

† Address shown under Insurance and Property Table.

LEGAL NOTICE

No. 003349 of 1979

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of EDGAR ALLEN, BALFOUR LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 6th December 1979 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the Capital of the above-named Company from £7,990,000 to £7,500,000 by cancelling shares in accordance with the terms of the said Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before The Honourable Mr. Justice Dillon at the Royal Courts of Justice, Strand, London, WC2 on Monday the 21st day of January, 1980.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 27th day of December, 1979.

ALLEN & OVERY
9 Cheapside
London EC2V 6AD
Solicitors for the above-named Company.

SILVER

Silver was fixed lower for spot delivery in the London bullion market yesterday at 1,648.1p, a fall of 145.6p. U.S. cent equivalents of the fixing levels were: spot 3,700.0c, down 295.0c; three-month 3,814.5c, down 284.7c; six-month 3,880.2c, down 297.3c; and 12-month 3,949.0c, down 344.9c. The metal opened at 1,775-2,000p (4,000-4,500c) and closed at 1,885-1,830p (3,800-4,100c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1648.10p	—145	1710.80p	—18.5
3 months	1708.10p	—155	1759.80p	+16.5
6 months	1735.10p	—153	—	......
12 months	1795.00p	—174	—	......

LME—Turnover 336 (146) lots of 10,000 ozs. Morning: Three months 1,940, 15, 05, 1,900, 20, 10, 1,820, 1,800, 10, 05, 1,800, 1,795, 1,800, 05, 10, 02, 1,800, 1,790, 85, 80. Kerbs: Three months 1,780, 90. Afternoon: Three months 1,770, 75, 60, 58. Kerbs: Three months 1,760, 70, 50.

COCOA

A little firmer at the opening: futures traded in a narrow range throughout the day before steadying during the final hour to close at the highs of the day. Physicals were neglected in the main, although consumers continued to show limited interest in the forward positions for both cocoa beans and products, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1444-45	+26.5	1446-25
May	1463-55	+22.5	1464-34
July	1468-70	+26.0	1470-45
Sep	1480-90	+25.0	1480-64
Dec	1500-10	+29.5	1498-94
March	1520-40	+36.0	1520-15
May	1540-65	+27.5	1540

Sales: 3,040 (4,184) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 2: 138.37 (141.89); Indicator price Jan. 3: 15-day average 144.79 (144.87); 22-day average 144.26 (144.56).

COFFEE

Robustas opened sharply lower as expected in nearby positions with trade selling and long liquidation depressing the market initially in thin conditions but good buying together with short covering eventually outweighed sell orders, reported Drexel Burnham Lambert. In the afternoon the majority of activity was centred around switching operations with differentials continuing to narrow and January settling at a discount to March and May delivery positions.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1545-48	—45.5	1565-1555
March	1558-59	—23.0	1573-1547
May	1560-64	—12.5	1564-1540
July	1543-48	—11.5	1560-1558
Sept	1587-40	—13.0	1550-30
Nov	1585-35	—15.0	1587-20
January	1600-55	—20.5	—

Sales: 5,780 (3,117) lots of 5 tonnes.

ICS Indicator prices for Jan. 2 (cents per pound): Other Mild Arabicas 176.83; Robustas ICA 1976 170.00. ICA 1968 170.25. Unwashed Arabicas 213.00. Comp. daily ICA 1968 189.72.

GRAINS

LONDON GRAIN FUTURES—The market opened 10p to 15p up on a firmer physical market leading to good two-day shipper trade on the early part of the day. However, the rally failed to carry into the fob market and London closed 10p down to unchanged in wheat and 10p up to unchanged in barley, reported Acli.

	WHEAT		BARLEY	
Mnth	Yest'rdays' close	+ or —	Monday's close	+ or —
Jan.	95.35	—0.10	93.25	—0.10
Mar.	100.40	—0.05	97.35	+0.05
May.	104.80	......	101.50	......
Sept	97.85	......	94.85	+0.10
Nov.	101.55	......	98.35	......

Business done—Wheat: Jan. 96.55-95.35, March 100.55-10.40, May 105.00-104.75, Sept. no trade, Nov. no trade. Sales: 212 lots of 100 tonnes. Barley: Jan. 93.35-93.20, March 97.45-97.25, May 101.50-101.40, Sept. no trade, Nov. no trade. Sales: 237 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 102.25, Feb. 104.25, March 105.25 transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 104.25, March 105.25 transhipment East Coast. EEC unquoted. Maize: U.S. Jan. 119, Feb. 121 transhipment East Coast. French Jan. 117, Feb. 118.50 East Coast. S. African White unquoted. S. African Yellow Jan. 82. Barley: English feed fob Jan. 98.25, Jan.-March 101, April-June 105 East Coast sellers, Jan. 97.75 paid, East Coast.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 91.60, S. West 94.10, W. Midlands 93.00, N. West 92.90. Other milling wheat: N. West 97.00.

RUBBER

The London physical market opened very steady with good physical demand throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 305 (298) cents a kg (buyer, January).

Sales: 457 (387) at 15 tonnes, 26 at 5 tonnes.

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	68.58-70.00	68.95-70.50	70.50-69.50
Mar	70.50-70.50	68.50-71.00	71.35-70.50
Apr-Jne	75.00-73.05	72.05-72.10	75.55-72.80
Jly-Sept	74.85-75.00	74.15-74.50	75.80-74.15
Oct-Dec	76.80-77.00	76.55-76.40	77.00-77.00
Jan-Mar	79.00-79.40	78.55-78.75	80.25-79.50
Apr-Jne	81.50-81.70	80.90-81.00	82.55-82.00
Jly-Sept	83.80-83.55	83.50-83.85	84.50
Oct-Dec	85.75-86.00	85.55-85.40	86.50-85.40

Physical closing prices (buyer) were: Spot 68.50p (68.75p); Feb. 68.75p (68.60p); March 70.00p (68.50p).

SOYABEAN MEAL

The London market opened around unchanged and held steady in good two-way trade, reported T. G. Roddick. Prices remained steady throughout the day, helped by a pick up in cash demand, and finished with little change.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	119.60-20.0	—0.15	119.70-19.50
April	117.80-18.0	+0.10	117.80-17.40
June	116.80-17.0	+0.15	116.80-16.50
August	118.80-19.0	+0.50	118.50
October	117.10-17.5	+0.05	117.00
December	118.80-19.0	—0.95	119.00-18.50
February	121.10-22.0	+0.05	—

Sales: 125 (115) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £172.00 (£179.00) a tonne cif for Jan.-Feb. shipment. White sugar daily price was £188.00 (£193.00).

A further increase in the price of gold produced some active short-covering at a very steady opening call. Gains of around £4.00 were recorded from overnight levels before the advance was blunted. Thereafter the market went into a decline which gathered momentum later under the influence of heavy arbitrage selling following a temporary limit decline in New York. Closing prices were £1.25 above the lows of the day, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	175.25-75.50	180.25-80.40	180.40-72.25
May	175.75-76.00	181.50-81.75	182.00-74.50
Aug	175.50-76.00	181.25-81.50	182.00-74.50
Oct	175.25-75.50	181.00-81.25	181.00-74.80

Sales: 8,594 (4,794) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only). May 174.45, 174.50; Aug. 173.25, 173.75; Oct. 174.25, 175.00; Jan. 172.00, 174.25; March 174.75, 175.25; May 174.75, 175.25. Sales: 337 (213).

LONDON WHITE SUGAR—Close (in order buyer, seller only). Feb. 175.00, 185.00; April 175.00, 187.00; July 177.00, 189.00; Sept. 178.00, 190.00; Nov. 179.00, 190.00; Feb. 182.00, 195.00; April 182.00, 195.00.

Tate and Lyle ex-refinery price for granulated basis white sugar was £304.95 (same) a tonne for home trade and £248.50 (£256.50).

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 2: Daily price 15.10 (15.31); 15-day average 14.87 (14.84).

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 3 1980	+ or —	Month ago
Metals			
Aluminium	£760/70	......	£760/70
Free Mkt (ss)	$1850/1950	+125	$1750/80
Copper			
Cash w'bar	£1,075	+28.5	£1018.5
3 mths	£1,104	+36.5	£1015.5
Cash Cathode	£1,049	+28	£978
3 mths	£1,084	+40	£993.56
Gold troy oz	$630	+62.5	$427
Lead cash	£531	—2	£554
3 mths	£512.5	+1	£535.5
Nickel	£3,250.17	......	£3,250.17
Free mkt(cif lb)	275/285c	+7.5	260/285c
Platin'm tr'y oz	£195.0	......	£175.5
Free mkt	£358.55	+25.85	£250.3
Quicksilver	$376/380	......	$350/60p
Silver troy oz	1648.10p	—145.6	875.15p
3 months	1708.10p	—155.9	903.5p
Tin cash	£7,482.5	—7.5	£7,255
3 mths	£7,312.5	+7.5	£7,551
Tungsten	$137.75	......	$138.75
Wolfr'm 22.04 lb cif	$152/156	+2.25	$132.5/136
Zinc cash	£331.5	—15.5	£336
3 months	£346.125	—15.375	£340.5
Producers	$760	......	$780
Oils			
Coconut (Phil)	$880s	+5	$917.5r
Groundnut	‡	......	‡
Linseed Crude	£382	—5	£411
Palm Malayan	$655s	......	$656.5
Seeds			
Copra Philip	$570r	......	$605
Soyabean (U.S.)	$285t	+5	$297.5
Grains			
Barley Futures	£97.55	+0.05	£97.90
Maize			
French No3 AM	£119	......	£115.50s
Wheat			
No. 1 Red Spg	‡		‡
No2 Hard Wint	£104.25s	—0.75	£105.5
Eng. Milling	‡	......	‡
Other commodities			
Cocoa ship't	£1,505	+65	£1,533.5
Future May	£1,464.5	+28.5	£1,468
Coffee F't'r Mar	£1,556.5	—23	£1,712
Cotton A Index	84.85c	+1	81.35c
Rubber (kilo)	68.50p	—0.25	65p
Sugar (Raw)	£172	—7	£174
Woolt'ps 64s kl	279p kilo	+3	275pkilo

* Nominal. † New crop. ‡ Unquoted. r Jan.-Feb. s Feb. t March-April. u April-June. z Indicator. § Buyer.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Micron Contract: March 451.0, 454.0, 455.0-450.0, 116; May 477.0, 478.0, 481.0-469.0, 278; July 490.0, 491.0, 492.0-481.0, 303; Oct. 485.0, 486.0, 488.5-484.0, 30; Dec. 486.0, 486.5, 489.5-481.0, 150; March 489.0, 490.0, 491.0-484.0, 50; May 491.0, 491.6, 492.0-485.0, 29; July 494.0, 500.0, 494.0-494.0, 2. Sales: 964.

LONDON GREASY WOOL—Close (in order buyer, seller only). Pence per pound. March, May, July, Oct., Dec., March, May, July 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). March, May, July, Oct., Dec., March, May, July 188.0, 198.0.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on January 3. GB cattle 80.35p per kg lw (—2.24); UK sheep 141.9p per kg est dcw (+0.5); GB pigs 67.4p per kg lw (—3.3).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 65.0 to 70.0, Eire hindquarters 82.0 to 85.0, forequarters 47.0 to 49.0.

Lamb: English Small 56.0 to 68.0, Medium 54.0 to 64.0, Heavy 46.0 to 58.0. Imported frozen N.Z. PL 51.0 to 52.0.

Pork: English, under 100 lbs 39.5 to 50.0, 100-120 lbs 36.0 to 49.0, 120-160 lbs 38.0 to 48.0.

AMERICAN MARKETS

NEW YORK, January 3.

ANOTHER LIMIT advance in silver and gold was merely a token adjustment to the meteoric rise in the spot market. Copper also closed sharply higher but retreated from limit up levels. Coffee was subjected to considerable chart selling. Cocoa rebounded from previous pressures and finished moderately higher. The livestock complex finished mixed on local selling and chart buying. A late rally in the grains and soyabeans carried the markets from fractional to moderate gains. Sugar rallied sharply from limit declines following the ISO announcement that no immediate decision of increasing quotas had been reached. A sharp sell-off in cotton due to profit-taking was followed by a good recovery which just fell short of meeting Wednesday's close, Heinold reported.

Copper—Jan. 111.00 (110.00), Feb. 112.30 (109.40), March 113.40-114.00, May 113.50-114.00, July 113.50-113.70, Sept. 114.30, Dec. 114.50-114.85, Jan. 115.00, March 116.00-116.50, May 117.00, July 118.50, Sept. 117.00. Sales: 10,200.

*Platinum — Jan. 790.00 - 800.00 (806.50), Feb. unquoted (unquoted), April 762.60, July 767.50, Oct. 774.00, Jan. 776.70, April unquoted. Sales: 875.

¶Silver—Jan. 3680.0-3720.0 (3885.0), Feb. 3071.0 (2971.0), March 3105.0, May 3148.0, July 3189.0, Sept. 3228.5, Dec. 3291.0, Jan. 3310.2, March 3349.2, May 3388.2, July 3427.2, Sept. 3466.2. Sales: 12.00. Handy and Harman bullion spot 3840.00 (3775.00).

Tin—787.00-795.00 asked (788.00-795.00).

CHICAGO, January 3.

Lard—Chicago loose 22.50 (same). New York prime steam unavailable.

Live Cattle—Jan. 68.22-68.27 (68.15), Feb. 71.45-71.60 (71.42), April 73.45-73.30, June 75.30-75.15, Aug. 74.80, Oct. 73.40, Dec. 74.40, Jan. ——.

Live Hogs—Feb. 42.85-43.00 (43.17), April 42.20-42.00 (41.65), June 45.70-45.75, July 46.70-46.40, Aug. 45.60-45.30, Oct. 44.30-44.00, Dec. 45.97, Feb. 47.45, April 46.15.

‡‡Maize—March 286¾-286¼ (286¼), May 299¼-299 (298¾), July 308-307¾, Sept. 312, Dec. 315, March 326¾.

Pork Bellies—Feb. 49.30-49.50 (48.65), March 50.00-50.10 (49.55), May 51.70-51.90, July 53.35-53.30, Aug. 52.80.

Silver—Jan. 3640.0 (3800.0), Feb. 3135.0 (3015.0), March 3335.0, April 3188.5, June 3234.5, Aug. 3275.0, Oct. 3315.0, Dec. 3356.0, Feb. 3396.5, April 3436.9, June 3477.2, Aug. 3517.4, Oct. 3557.5, Dec 3597.5, Feb. 3637.4, April 3677.2, June 3716.9, Aug 3756.5.

‡Soyabeans—Jan. 648-647 (641½), March 670½-669½ (663½), May 693¾-692, July 711¾-712, Aug. 720½, Sept. 726, Nov. 736, Jan. 751½.

‖Soyabean Meal—Jan. 184.00-184.30 (183.00), March 187.60-188.00 (185.40), May 191.80-192.00, July 196.70, Aug. 199.00, Sept. 201.00, Oct. 202.60, Dec. 205.00, Jan. 207.00-207.50, March unquoted.

Soyabean Oil — Jan. 23.90-23.95 (23.85), March 24.30-24.35 (24.13), May 24.65-24.60, July 24.92, Aug. 25.10, Sept. 25.25, Oct. 25.40-25.45, Dec. 25.65-25.70, Jan. 25.55-25.60, March 25.65-25.80.

‡Wheat — March 446-448½ (445½), May 455½-456½ (453½), July 462-461½, Sept. 473-475, Dec. 491, March 503-505.

WINNIPEG, January 3. §Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.95 (same).

§Barley—March 122.40 (121.70), May 121.80 (121.20), July 119.20, Oct. 114.10.

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 3.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, spot $210, Feb. $214, March $215. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $198, March $198. U.S. No. 2 Northern Spring, 14 per cent, Dec. $208, Jan. $210, Feb. $214, March $216, April-May $222.50.

Maize—U.S. No. 3 Yellow afloat $137, Jan. $136.75, Feb. $140.50, March $143.75, April-June $147.50, July-Sept. $152, Oct.-Dec. $153.

Soyabeans—U.S. No. 2 Yellow Gulfports afloat $267.25, Jan. $267.75, Feb. $275, March $278, April $283, May $284.75, June $290, July $291, Aug. $296.25, Sept. $298, Oct. $299, Nov. $297.75, Dec. $304 sellers. March $277.25, June $290 paid. Argentine May $280.75, June $283.25, July $284.25, Aug. $288 sellers, Aug. $287.70 paid.

Soyameal—44 per cent protein U.S. afloat $256 traded, Jan. $248.25 traded, Feb. $245, March $245, April-Sept. $246.50. Brazil Pellets Dec. $263, Feb. $259, March $246.50 traded, $247 sellers, April-May $244.75 traded, $245.50 sellers, April-Sept. $249.50.

PARIS, January 3.

Cocoa (FFr per 100 kilos)—March 1296-1300, May 1296-1310, July 1295-1325, Sept. 1325-1350, Dec. 1330-1350, March 1330-1360. Sales at call 5.

INDICES

FINANCIAL TIMES

Jan. 2	Dec. 31	M'nth ago	Year ago
295.98	295.13	298.18	257.58

(Base: July 1, 1952=100)

MOODY'S

Jan. 2	Dec. 31	M'nth ago	Year ago
—	1279.8	1204.8	977.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 2	Dec. 31	Month ago	Year ago
Spot	415.77	418.13	415.50	385.47
F'tur's	481.10	483.08	482.57	383.40

(Average 1924-25-26=100)

REUTERS

Jan. 3	Jan. 2	M'nth ago	Year ago
1716.3	1710.8	1706.2	1495.9

(Base: September 18, 1931=100)

Golds soar again but Government stocks and equities rally strongly on steel strike optimism

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 10	Dec. 20	Dec. 27	Jan. 7
Dec. 28	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4

* "New time" dealings may take place from 9.30 am two business days earlier.

Overseas mining and energy stocks again monopolised business in stock markets yesterday. This was in response to the growing world clamour to buy gold and other metals. The amazing upsurge in bullion touched off further heavy trading and fresh sharp gains in South African gold producers with the holding concern Amgold reflecting the scene by leaping $17½ to $100 before easing very late.

The desire to hedge against currencies was evident in most mining sectors as investors switched their funds because of the current international tension and the uncertain outlook for the world economy. Gold shares, of course, benefited most and the FT Gold Mines index jumped 14.6 more to close at 303.1. Australians were not overlooked, but trading in this sector was decidedly more two-way with profit-taking in evidence.

Leading equities and Government stocks suffered a fresh reverse but rallied after an initial burst of selling had exhausted itself. Concern about the likely effects of the steel strike were still apparent. After the official close, however, both the main investment sections rallied quite well following an optimistic report about a new attempt to resolve the dispute.

The recovery was such that, owing to a squeeze on short positions, early losses extending to ¾ in some long-dated Gilts were mostly regained before the official close and replaced in the evening by net gains ranging to ⅜. Similarly, the shorts, down ¼ initially, were finally higher on balance; Exchequer 11¾ per cent 1984 was quoted at around 87⅞ as against 87¼ just after the 3.30 pm close.

Circumstances also changed quite dramatically in many equity sections, although the after-hours rally in leading shares reflected more a defensive mark-up by dealers than a return of genuine buyers. Nonetheless, the FT 30-share index closed only 0.1 lower at 406.9 after having shown a drop of 7.6 at 11.00 am and one of 5.1 at late as 3.00 pm.

A relatively active Traded options business was featured by Cons. Gold Fields which, in reaction to the Gold price, recorded 382 deals out of a total of 817. Other active issues included Land Securities, 88 trades, and ICI, 80.

SASOL, the South African-based oil concern, again benefited from demand in the wake of the soaring gold bullion price and put on 10 for a two-day gain of 18 to 169p.

Discounts down

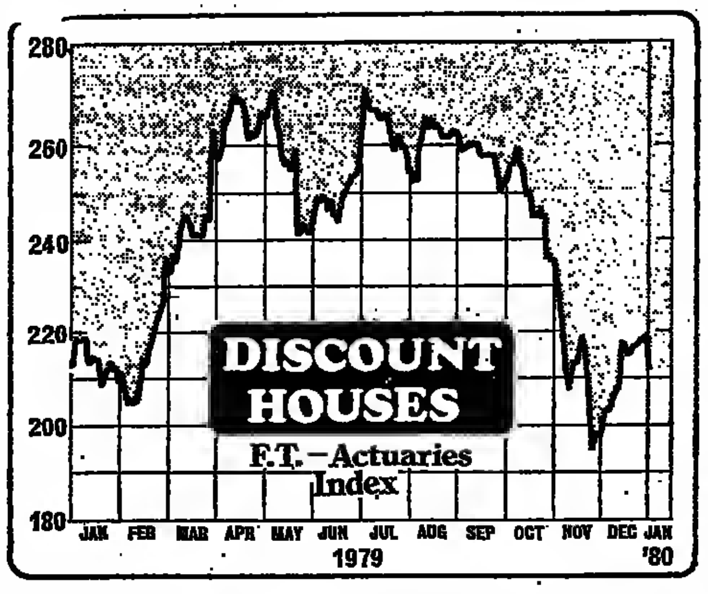
Reflecting the recent dullness of gilt-edged securities, Discount Houses gave ground throughout the list. Allen Harvey and Ross fell 10 to 310p and Cater Ryder declined 7 to 288p, while Gerrard and National lost 6 to 204p as did Gillett Bros., to 190p. Smith St. Aubyn dipped 4 to 98p, while Jessel Toynbee and King and Shaxson cheapened similar amounts to the common level of 60p. Dull conditions prevailed in the major clearers but closing levels were a couple of pence above the day's lowest. NatWest shed 6 to 332p, Lloyds 4 to 292p, and Bank of Scotland 8 to 275p.

Still reflecting the company's decision to take legal action in an attempt to stave off the bid approach from Marsh and McLennan, Bowring drifted down further to touch 118p before closing a net 4 lower on balance at 122p. Other Lloyds brokers lost ground with Stewart Wrightson closing 5 lower at 168p and Hogg Robinson a couple of pence off at 83p; the latter's interim results are due next Wednesday. Composites lacked support with Royals, 310p, and Phoenix, 214p, down 10 and 6 respectively. News that General Accident is to raise its motor premium rates by 12 per cent from February 1 left the price a couple of pence easier at 212p.

Continuing lack of demand for Breweries left the leaders with a dull appearance. Bass gave up 3 to 188p, while Arthur Guinness, 180p, and Greenall Whitley, 157p, both declined 2. Scottish and Newcastle ended a penny off at 59p. Wines and Spirits also tended lower although scattered late support was seen for selected issues. Highland eased 4 to 140p in the absence of further news in the Hiram Walker bid situation.

Building descriptions were subjected to an early bout of weakness. Ready Mixed Concrete shedding 4 to 126p and Rugby Portland Cement 1½ to 57½p. Tarmac gave up 3 to 183p and London Brick 1½ to 55½p, but Blue Circle held at 238p. Housebuilders continued dull on the gloomy outlook for mortgage rates with Percy Bilton 7 lower at 183p and Fairview Estates 6 off at 174p. Gough Cooper shed 4 to 68p and Federated Land and Building cheapened 3 to 49p, while Milbury and Arncliffe declined 2 apiece to 50p and 43p respectively. Elsewhere, Brown and Jackson became vulnerable and fell 12 to 203p, after 200p, while, in Timbers, Magnet and Southerns dipped 8 to 127p and International shed 4 to 98p.

ICI succumbed to a bout of nervous selling at the outset and fell to 348p before a sharp rally in after hours' dealings lifted the price to 354p for a net gain of a penny. Fisons, however, gave up 3 to 257p on lack of support. Other Chemicals attracted a fair two-way business, but sellers eventually gained the upper hand. Plysu shed 6 to 96p, after 94p, while Carless Capel and Allied Colloids cheapened 3 apiece to 78p and 132p respectively.



W. L. Pawson dull

Stores contributed to the dull market trend, particularly secondary stocks where losses were more severe. W. L. Pawson fell 6 to 40p and Owen Owen declined 7 to 79p; the former's Board yesterday announced that contracts have been exchanged for the sale of three freehold properties owned by subsidiary companies. Moss Bros., a recent speculative favourite, came back 8 to 245p, while Martin the Newsagent gave up 6 to 190p and Lee Cooper receded 5 to 215p. By way of contrast, Ratners continued firmly at 50p, up 2. Among the irregular leaders, Burton "A" closed 6 off at 220p but Mothercare, helped by Press comment, edged forward a couple of pence to 192p. Shoes were notable for a fall of 15 to 160p in Stylo.

Selected Electricals continued to be unsettled by forecasts of poor industrial growth in the sector and fresh losses were sustained by Electrocomponents, 17 lower at 413p, and by Farnell, 10 off at 218p. Eurotherm fell 5 to 268p, and Unitech gave up 4 to 206p. Electronic Rentals finished 8 lower at 87p following the disappointing interim statement, but scattered support lifted Suter 3 to 31p. Leading issues also recorded substantial falls at one stage but closed above the day's worst. Racal, in fact, ended unchanged at 175p, after 171p. Decca "A" closed 6 lower at 274p, after 270p, as did STC, at 230p. GEC, on the other hand, added a couple of pence to 328p, while Thorn, at 270p, recovered most of Wednesday's fall of 6 helped by acquisition news.

Concern about the possible repercussions from a prolonged steel strike continued to weigh heavily on the engineering sector. Falls among secondary issues ranged to 8 as B. Elliott lost that much to 200p. Mining Supplies declined 7 to 79p and Matthew Hall lost 6 to 157p. News of the sharp contraction in annual earnings depressed Birmingham Pallet which fell 7 to 39p. The leaders continued lower but an unconfirmed report of a favourable development in the steelworkers' dispute helped prices rally after the House close. John Brown picked up from 50p to finish a penny up on balance at 52½p, while Hawker closed at 178p, up 4. Vickers ended 2½ off at 99½p, after 98p, and GKN softened a penny to 237p, after 232p.

The majority of Foods ended lower, where changed. Rowntree Mackintosh came on offer at 156p, down 6, while Unigate shed 4 to 108p and J. Sainsbury 3 to 230p. Northern, however, attracted buyers and put on 3 to 110p, while Associated Biscuit picked up from an initial 75p to close a penny better on balance at 78p. Elsewhere, Barrow Milling encountered selling and dipped 4½ to 42½p, but Carr's Milling continued to attract speculative support and added 2 more to 80p. Confectionery concerns Bluebird and George Bassett came under pressure, the former losing 7 to 66p and the latter 4 to 70p. Albert Fisher responded to continued country buying and improved a penny to 13p.

Leading Hotels and Caterers rallied late and usually erased early falls. Elsewhere, Brent Walker encountered profit-taking and shed 4 to 73p.

Johnson Matthey good

A late rally in the miscellaneous industrial leaders on talk of a favourable development in the steel dispute helped prices close up to 5 above the day's lowest. Nevertheless, closing falls still ranged to 6 with Reckitt and Colman ending that much lower at 182p. Glaxo, recently aggravated by fund-raising rumours, eased to 428p before closing only a couple of pence off at 433p. Metal Box were particularly buoyed by hopes of an early end to the strike and rebounded sharply from 220p to finish the day a net 6 better at 232p. Elsewhere, consideration of the current unprecedented upsurge in precious metal prices attracted buying interest to gold, silver and platinum refiners Johnson Matthey which rose steadily to finish 28 up at 233p, after 235p. Still excited by John Baker's acquisition of a 21 per cent stake in the company and a seat on the Board for former City whizz-kid John Bentley, Tebbitt rose 3 further for a rise on the week so far of 9 to 17p. Sothebys, however, gave up 7 to 393p ahead of next Thursday's preliminary results, while North Sea oil favourite Cawoods lost 10 to 142p. Recently firm on Press comment, BET dipped 5 to 115p and Wilkinson Match declined 4 to 136p.

Among Leisure issues, Ladbroke ran into selling and shed 5 to 127p, after 126p, while Coral cheapened 2 to 60p, after 59p. Management Agency and Music gave up 5 to 107p.

Fodens announced the expected first-half deficit and fell to 33p before buyers entered on recovery prospects to leave the shares unchanged at the overnight 35p. Plaxtons, 157p, and Group Lotus, 29p, both gave up 2. Distributors also remained dull. Arlington, 108p, and T. C. Harrison, 60p, both eased 2, while British Car Auction, 50½p, lost most of the previous day's gain which stemmed from favourable Press comment.

Thoughts that the steelworkers' action would prolong current record level interest rates continued to make for dull conditions in the Property sector, but selling was small. Falls of 4 were recorded in Land Securities, 244p, and MEPC, 157p. Hammerson A, a good market since the rights issue, gave up 20 to 695p, while British Land and Slough Estates shed 3 apiece to 56p and 95p respectively.

Leading Oils lower

Recent reports of a likely surplus of crude oil in the international market and a consequent slackening in prices prompted an easier trend in leading Oil shares. British Petroleum drifted lower to close 8 down at 336p, while Shell finished 4 off at 316p. Royal Dutch met selling and declined 1½ points to £34¼. Elsewhere, KCA International put on 3 to 44p following the encouraging interim report. Speculation that the chairman's death may lead to a bid for the company prompted a gain of 9 to 143p, after 146p, in Silkolene.

South African industrials continued to benefit from the Gold price.

Gold boom continues

A fresh leap in the bullion price—it closed $62.50 up at $630 an ounce for a rise of $120 over the past three trading days—prompted another day of hectic activity in mining markets.

South African Golds registered substantial gains for the second successive day with the Gold Mines index up 14.6 more to 303.1—a two-day rise of 34.5.

Share prices were marked up sharply at the outset—reflecting heavy overnight gains in the U.S.—and proceeded to make further good progress as renewed buying from all sources found the market short of stock.

However, in mid-morning and towards lunch-time sizeable profit-taking emerged and this took prices off their best levels.

Thereafter, a heavy two-way trade was reported with American profit-taking gaining the upper hand in the after-hours' business.

Star performer in the heavyweight issues was "Amgold" which in dollar terms moved up from around $83 to $100; in sterling terms they advanced to £44½ before closing £7½ up at £41½.

Elsewhere in heavyweights, gains of a point and more were seen in Hartebeest, £26¾, Western Deep, £18¼, Free State Geduld, £21½, and Randfontein, £25¾.

Medium and lower-priced stocks showed Libanon 51 higher at 780p. Free State Saaiplaas 56 up at 303p and Loraine 22 better at 201p.

Financials tended to be overshadowed by Golds but still showed good gains. GFSA put on a half-point to £29, after £29¾, while Union Corporation added 25 to 630p and Johnnies a half-point to £24¾. In Diamonds, De Beers jumped 29 to 484p, after 500p.

London Financials attracted heavy local demand with Gold Fields, which topped our list of active stocks, finally 18 up at 418p, after a 1979-80 high of 422p. Rio Tinto-Zinc rose 10 more to 352p, after 356p, and Charter 7 to 148p.

Platinums surged ahead in the wake of the free market platinum price. Rustenburg advanced 29 to a high of 275p and Lydenburg 11 to 153p. Impala, however, met heavy profit-taking in the late trade and closed 3 cheaper on balance at 273p.

Coppers continued to rise along with the metal price. Palabora added 50 to 550p and ZCI 3 to 51p.

Australians were looking vulnerable at the close as persistent and sizeable profit-taking was reported.

MIM Holdings, a leading silver producer closed only a penny up on balance at 233p, after a year's high of 238p.

Reports of adverse Press comment "down-under" left the Ashton diamond venture participants showing heavy losses. CRA dropped 18 to 250p, Ashton Mining 16 to 150p and Northern Mining 19 to 146p.

On the other hand, speculative buying saw Eagle Corporation jump 12 to 32p and Swan Resources rise 6 to 37p.

FINANCIAL TIMES STOCK INDICES

	Jan. 3	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 24	A year ago
Government Secs.	64.50	64.51	65.19	65.49	65.46	65.48	66.61
Fixed Interest	65.43	65.51	65.93	65.99	65.99	66.05	70.39
Industrial	406.9	407.0	414.2	417.8	414.7	417.5	481.9
Gold Mines	303.1	288.5	268.6	279.0	276.4	262.2	138.8
Ord. Div. Yield	7.97	7.96	7.84	7.77	7.83	7.79	6.08
Earnings, Yld. % (full)	18.83	19.61	19.51	19.33	19.49	19.38	15.76
P/E Ratio (net) (*)	6.21	6.22	6.31	6.37	6.32	6.35	8.28
Total bargains	19,955	14,059	12,664	14,397	8,945	6,926	—
Equity turnover £m	—	85.690	40.37	48.53	39.20	35.17	69.02
Equity bargains total	—	10,694	8,106	6,900	5,911	4,581	11,911

10 am 402.4. 11 am 399.4. Noon 401.8. 1 pm 402.0.
2 pm 401.7. 3 pm 401.9.
Latest Index 01-248 8026.
*Nil=5.99.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.81 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	403.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	303.1 (3/1/80)	128.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 3	Jan. 2
—Daily		
Gilt Edged	112.2	89.6
Industrials	90.6	55.8
Speculative	143.7	67.0
Totals	73.9	47.4
5-d'y A'vr'ge.		
Gilt Edged	80.7	71.7
Industrials	56.3	44.9
Speculative	62.5	36.4
Totals	44.9	35.6

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (73)

AMERICANS (1)
ASA
INDUSTRIALS (1)
Tebbitt
SOUTH AFRICANS (4)
Barlow Rand — OK Bazaars
Gold Fields Prop. — S.A. Breweries
TRUSTS (1)
F.U.G.I.T.
OIL & GAS (2)
Weeks Petroleum — Weeks Pet. Pfd. Ord.
MINES (64)
Durban Deep — President Steyn
East Rand Prop. — Unisel
West Rand — Welkom
Bracken — Western Holdings
E.R.G.O. — Anglo American
Grootvlei — Anglo Amer. Gold
Kinross — Charter Cons.
Leslie — Cons. Gold Fields
S. African Land — General Mining
Winkelhaak — Gold Fields S.A.
Wit. Nigel — Jo'burg. Cons.
Blyvoor. — Minorco
Deelkraal — New Wit.
East Drie. — Sentrust
Elandsrand Gold — Silvermines
Elsburg — U.C. Invs.
Hartebeest. — Union Corp.
Kloof Gold — De Beers Dfd.
Southvaal — Impala Platinum
Stilfontein — Lydenburg
Vaal Reefs — Rustenburg Platinum
Venterspost — Falcon
West Drie. — ACM
Western Areas — Broken Hill South
Western Deep — Eagle Corp.
Zandpan — Gold Mns. Kalgoorlie
Free State Dev. — MIM Holdings
F.S. Geduld — North Kalgurli
F.S. Saaiplaas — Paringa
Harmony — Swan Resources
Loraine — Westmex
President Brand — Messina

NEW LOWS (155)

BRITISH FUNDS (7)
CORPORATION LOANS (1)
AMERICANS (4)
BANKS (4)
BUILDINGS (13)
DRAPERY & STORES (13)
ELECTRICALS (6)
ENGINEERING (26)
FOODS (7)
HOTELS (1)
INDUSTRIALS (23)
INSURANCE (2)
LEISURE (5)
MOTORS (9)
NEWSPAPERS (2)
PAPER & PRINTING (4)
PROPERTY (1)
SHOES (2)
TEXTILES (8)
TOBACCOS (4)
TRUSTS (11)
OVERSEAS TRADERS (2)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	13	55	18
Corpns. Dom. and Foreign Bonds	1	25	40
Industrials	71	641	691
Financial and Prop.	11	327	160
Oils	8	27	7
Plantations	3	8	17
Mines	88	14	45
Others	20	92	49
Totals	215	1,189	1,028

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Thurs., Jan. 3, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 2 Index No.	Mon., Dec. 31 Index No.	Fri., Dec. 28 Index No.	Thurs., Dec. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	208.87	−0.5	20.63	7.38	6.14	210.00	213.41	214.49	213.38	236.18
2	Building Materials (27)	194.00	−1.0	20.26	7.72	6.33	195.99	198.19	198.21	198.12	209.38
3	Contracting, Construction (29)	313.00	−1.6	29.48	7.66	4.20	317.97	324.73	325.10	325.28	364.07
4	Electricals (15)	539.85	+0.1	14.94	4.59	8.93	539.56	549.67	554.54	548.38	550.02
5	Engineering Contractors (11)	278.64	−2.3	27.83	9.19	4.59	285.25	287.68	289.73	290.65	361.09
6	Mechanical Engineering (74)	146.46	−0.8	22.72	8.78	5.48	147.71	149.78	150.29	149.32	184.74
8	Metals and Metal Forming (16)	142.90	+0.7	23.30	10.63	5.17	141.95	144.90	146.18	146.07	163.89
	CONSUMER GOODS										
11	(DURABLE) (50)	184.82	−0.9	19.43	6.57	6.34	186.58	190.39	192.48	191.89	211.63
12	Lt. Electronics, Radio, TV (15)	247.36	−0.9	15.71	5.19	8.12	249.72	256.13	259.46	258.89	268.16
13	Household Goods (14)	111.74	−2.0	27.09	9.70	4.47	114.00	116.40	115.49	116.72	166.25
14	Motors and Distributors (21)	102.10	−0.7	26.28	9.06	4.49	102.80	103.62	104.74	103.86	122.25
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	200.15	−0.8	19.93	7.51	6.19	201.70	203.74	204.31	204.48	211.14
22	Breweries (14)	248.93	−0.6	17.56	7.02	6.69	250.53	252.84	253.03	252.84	234.63
23	Wines and Spirits (6)	291.65	+0.5	18.44	6.28	6.69	290.31	293.13	295.65	298.25	288.87
24	Entertainment, Catering (17)	268.87	−0.2	19.65	7.34	6.60	269.49	273.46	273.73	272.72	275.75
25	Food Manufacturing (19)	187.29	−0.8	21.24	7.77	5.78	188.85	190.18	190.93	190.95	202.69
26	Food Retailing (15)	286.28	−1.2	14.39	4.95	8.31	289.88	294.08	291.92	292.96	233.40
32	Newspapers, Publishing (12)	378.52	−0.8	25.08	7.69	5.51	381.40	384.20	385.03	380.66	377.34
33	Packaging and Paper (15)	111.30	−0.6	26.68	10.20	4.83	111.96	115.25	116.56	116.88	133.28
34	Stores (43)	188.71	−0.5	16.31	6.00	7.92	189.65	191.17	191.38	191.33	195.46
35	Textiles (23)	123.65	−0.5	29.42	13.08	4.31	124.31	125.57	125.97	126.14	182.39
36	Tobaccos (3)	192.86	−2.6	29.56	11.56	3.82	197.98	198.97	201.44	202.42	237.23
37	Toys and Games (6)	45.58	−3.4	35.91	15.71	3.51	47.17	47.59	47.59	47.10	92.10
41	OTHER GROUPS (98)	184.19	−0.9	16.99	7.29	7.17	185.81	187.18	188.19	187.81	198.31
42	Chemicals (18)	276.80	—	17.62	7.20	6.56	276.84	277.71	281.05	278.59	278.59
43	Pharmaceutical Products (7)	191.78	−0.3	13.28	6.66	9.19	192.35	194.03	195.40	194.12	258.06
44	Office Equipment (6)	102.45	−1.0	19.48	8.23	6.41	103.52	103.77	104.61	103.12	135.82
45	Shipping (10)	418.69	−1.0	12.66	7.71	10.08	423.08	424.10	422.21	413.31	414.63
46	Miscellaneous (57)	211.86	−1.9	18.55	7.44	6.84	216.02	218.77	218.65	218.75	213.99
49	INDUSTRIAL GROUP (493)	203.76	−0.7	19.35	7.36	6.40	205.30	207.70	208.64	208.08	221.10
51	Oils (7)	676.39	−1.9	16.65	7.06	6.49	689.27	696.39	702.09	689.14	510.13
59	500 SHARE INDEX	241.13	−1.0	18.78	7.29	6.42	243.53	246.30	247.61	246.12	245.14
61	FINANCIAL GROUP (117)	175.85	−1.7	—	6.28	—	178.88	182.36	182.88	181.87	172.33
62	Banks (6)	211.99	−1.1	39.23	6.13	3.25	214.33	220.33	222.52	220.06	203.77
63	Discount Houses (10)	212.39	−3.1	—	9.34	—	219.30	219.30	218.71	217.80	218.06
64	Hire Purchase (5)	160.72	−1.5	22.04	5.92	5.74	163.24	165.33	164.51	166.21	167.79
65	Insurance (Life) (10)	151.80	−2.3	—	6.93	—	155.31	156.38	155.64	155.09	137.20
66	Insurance (Composite) (8)	117.05	−1.8	—	8.32	—	119.23	121.67	121.42	121.25	124.73
67	Insurance Brokers (10)	256.48	−2.5	19.44	7.61	7.36	263.00	267.55	266.51	266.86	311.85
68	Merchant Banks (14)	87.47	−1.5	—	6.81	—	88.83	89.75	90.09	89.96	79.78
69	Property (44)	304.20	−2.1	4.34	3.53	33.05	310.60	316.73	318.61	316.72	273.71
70	Miscellaneous (10)	119.62	−0.4	15.89	7.57	8.19	120.11	121.39	121.17	119.78	115.17
71	Investment Trusts (109)	188.97	−1.5	—	6.49	—	191.88	192.49	192.65	191.75	205.88
81	Mining Finance (4)	174.39	+3.4	13.22	5.87	9.19	168.69	161.95	160.94	158.19	102.99
91	Overseas Traders (20)	330.03	−0.8	15.11	7.59	8.00	332.64	332.39	331.79	333.27	298.69
99	ALL-SHARE INDEX (750)	225.06	−1.0	—	7.02	—	227.36	229.79	230.76	229.39	224.89

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 3	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.83	+0.04	—	0.00
2	5-15 years	102.31	−0.16	—	0.00
3	Over 15 years	105.78	−0.16	—	0.00
4	Irredeemables	118.95	—	—	0.00
5	All stocks	102.35	−0.08	—	0.00

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Jan. 3	Wed., Jan. 2	Year ago (approx.)
1	Low Coupons	5 years	12.66	12.63	9.67
2		15 years	12.70	12.66	11.39
3		25 years	12.86	12.83	12.20
4	Medium Coupons	5 years	14.97	14.96	12.76
5		15 years	14.52	14.49	12.79
6		25 years	14.44	14.40	12.79
7	High Coupons	5 years	15.27	15.25	12.80
8		15 years	15.05	15.02	13.33
9		25 years	14.75	14.73	13.34
10	Irredeemables		12.33	12.32	11.94

		Thurs., Jan. 3 Index No.	Thurs., Jan. 3 Yield %	Wed., Jan. 2	Mon., Dec. 31	Friday Dec. 28	Thurs. Dec. 27	Mon. Dec. 24	Friday Dec. 21	Thurs. Dec. 20	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.24	†14.99	49.33	49.35	49.36	49.35	49.35	49.34	49.67	54.77
16	Investment Trust Prefs. (15)	46.34	14.46	46.34	46.34	46.21	46.21	46.22	46.23	46.78	01.08
17	Coml. and Indl. Prefs. (20)	61.56	14.02	61.32	61.23	61.19	61.19	61.12	61.13	61.44	72.26

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Cons. Gold Fields	25p	16	418	+18	422	178
De Beers Defd.	R0.05	11	484	+29	500	332
Blyvoor	R0.25	10	602	+47	607	253
Vaal Reefs	R0.05	10	£29⅝	+⅛	£30¼	£12⅜
Impala Plat.	R0.20	9	270	−3	280	138
North Kalgurli	$A0.30	9	53	+5	53	4½
Welkom	R0.50	9	490	+30	495	245
F. S. Geduld	R0.50	8	£21½	+1⅜	£22⅛	£11⅜
Harmony	R0.50	8	320	+35	385	265
RTZ	25p	8	352	+10	362	226
Rustenburg Plat.	R0.10	8	275	+29	275	94
Anglo Amer. Crp.	R0.10	7	710	−10	775	300
GEC	25p	7	328	+2	456	311
Johnson Matthey	£1	7	233	+28	260	183
Shell Transport	25p	7	316	−4	402	278

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19

For rate indications see end of Share Information Service

Money was given for the call in BOC, Poseidon, Lonrho, W. Goodkind, English and Overseas, Libanon, Zambia Copper, Grand Met., Hestair, C. T. Bowring, Grootvlei, ICI and Smith Brothers. Puts were arranged in Harmony, East Rand Property, Rustenburg, Land Securities, Western Areas and Dixon Photographic, while double options were completed in Premier Oil, Howard Machinery and Allied Colloids.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	375	8	—	9	4	—	—	338p
BP	400	½	—	6	5	—	—	"
Com. Union	140	8	—	8	—	12	4	152p
Cons. Gold	260	163	11	172	—	161	—	420p
Cons. Gold	280	143	8	152	—	163	—	"
Cons. Gold	330	85	85	104	—	112	—	"
Cons. Gold	360	65	30	79	5	98	2	"
Cons. Gold	390	33	236	57	66	77	3	"
Courtaulds	70	8	6	8	—	10	1	70p
Courtaulds	80	½	—	4	—	1½	8	"
GEC	360	¾	12	15	30	26	—	355p
Grand Met.	130	—	—	10	5	10	—	124p
ICI	300	52	6	59	—	—	—	350p
ICI	330	22	—	32	5	49	—	"
ICI	360	8	55	16	—	31	—	"
ICI	380	½	4	8	—	19	—	"
Land Secs.	260	2	73	14	—	21	—	244p
Land Secs.	280	½	16	7	—	13	—	"
Marks & Sp.	80	8	—	6½	5	8	—	77p
Shell	300	20	—	32	5	—	—	314p
Shell	330	—	—	17	10	24	—	"
Shell	360	1½	1	—	—	—	—	"
Shell	375	8	20	—	—	—	—	"
Totals			507		143		19	"
		February		May		August		
Boots	160	8	—	17	—	21	2	158p
Imperial Gp.	80	1½	—	3	70	5	—	72p
Racal Elec.	220	1	—	7	7	11	—	172p
RTZ	300	67	3	60	5	94	—	348p
RTZ	330	37	49	56	5	70	5	"
Totals			54		67		7	

RECENT ISSUES

EQUITIES

Issue Price p†	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p†	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
§70	F.P.	—	88	84	††Bio-kil Chem. 10p	87	—	‡4.9	1.2	6.0	15.9
363	160	20/2	182	132	B.P. 'New'	138	−4	§15.75	5.8	5.6	6.5
§90	F.P.	11/1	111	101	Conder Intl.	103	−4	b7.0	2.2	9.7	3.2
¶	F.P.	25/1	127	112	Haynes P'blish'g 20p	116	−1	bd6.0	2.1	5.0	2.0
§41	F.P.	—	47	41	Lontrim	41	−2	b3.36	1.5	11.7	2.7
R2	F.P.	—	175	112	†SASOL R1	169	+10	T16c	2.2	5.4	8.4
£10	F.P.	—	£101½	£10	Sel Mkt TstPrtRedPrf	£10½	—	—	—	—	—
¶	F.P.	11/1	74	68	Spring Grove 10p	68	−2	b4.0	1.8	8.5	8.3
‖‖	F.P.	—	£27	£25½	WoreldhaveNVDFL 20	£26	—	QFl.6	1.1	0.1	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
‖	F.P.	19/12	94	90½	Amber Day 10½% Cum. Red. Pref. '99-03	91	—
¶	£10	28/3	10¾	10¼	B'rnem'th & District W'ter Red. Pref. 1985	10¾	—
¶	F.P.	31/1	99	92½	Bristol Waterworks 8% Red. Pref. 1984	93	—
‡	F.P.	22/1	98	90	Dundonian 11¼% Cum. Conv. Pref.	92	+1
**	F.P.	—	88p	85p	Hewitt (J.) 10pc Cum Pref.	85p	—
$100	F.P.	—	$92	$95	Hill Samuel Floating Rate Notes 1922	$97	—
¶	F.P.	22/1	91½	91½	Mid-Sussex Water 7% Red. Pref. 1985 New	91½	—
¶¶	F.P.	15/2	88¾p	78p	Thorn Elec. 7% Con. Red. 2nd Com Prf 92-99	78p	−3

"RIGHTS" OFFERS

Issue Price p†	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing Price p†	+ or −
520	F.P.	—	—	36	29	Dundonian	35	−2
40	Nil	—	—	37½pm	37½pm	Elson & Robbins	37½pm	—
560	F.P.	3/1	24/1	730	660	Hammerson Prop. & Inv. Trust	705	−10
60	F.P.	3/1	24/1	720	560	Do. A	695	−20
A$1	Nil	—	—	45pm	20pm	Hanimex Corp.	35pm	—
12½	Nil	7/1	28/1	8pm	6pm	Laganvale Estates	7pm	+1
95	F.P.	16/11	4/1	100	90	Laporte Inds.	95	—
57	F.P.	28/11	11/1	63	35	Newman Tonks	59	−1
60cts	Nil	—	—	285pm	190pm	Pancontinental	285pm	—
200	F.P.	3/12	1/2	208	200	Pilkington Bros	200	−2
34	Nil	11/1	15/2	14½pm	10pm	Wearwell	12pm	1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. 1 Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464

Apollo Fd. Dec. 11	SF47.10	51.10	—	3.45
Japfest. Dec. 15	HK$14.63	15.84	—	1.28
117 Group Nov. 30	US$12.04	12.95	—	3.21
117 Jersey Dec. 12	£5.43	5.90	—	1.82
117 Jersey O's Dec. 5	£6.37	6.71	—	3.64

Murray, Johnstone (Inv. Adviser)

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441

R.T. Int'l. Fd.	US$10.30	10.96	—	2.39
R.T. Int'l. (Jsy.) Fd.	78.0	83.0	—	3.76

Prices Jan. 2. Next dealing Jan. 8.

Save & Prosper International

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494

TSB Gilt Fund	88.0	91.0	—	13.2
TSB Gilt Fd. (Jsy.)	88.0	91.0	—	13.2

Prices on January 2. Next sub. day January 9.

Tokyo Pacific Holdings N.V.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt & F.I. Tst.	95.1	101.2	-0.1	3.48
Abbey Capital	32.5	35.1	-0.4	5.79
Abbey Income	38.0	41.0	-0.4	9.02
Abbey Inv. Tst. Fund	31.9	34.4	-0.2	6.49
Abbey Gen. Trust	43.3	46.7	-0.4	5.92
Abbey Intl. Bd. Tst.	92.8	99.9	-0.1	5.00
Abbey Am. Gth. Tst.	45.5	49.0	-0.6	3.57
Equitas Prog. Trust	62.9	68.0	-0.8	6.19

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.5	94.2	-0.9	13.38

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st.	68.7	72.9	-0.6	6.58
Brit. Inds. Fund	62.1	66.4	-1.0	6.78
Growth & Income	36.6	39.2	-0.5	6.43
Elect. & Ind. Dev.	33.3	35.6	-0.4	5.90
Allied Capital	68.3	73.1	-1.4	5.68
Hambro Fund	104.8	112.1	-1.5	6.56
Hambro Acc. Fund	129.0	138.0	-1.7	5.83

Income Funds

High Yield Fd.	65.0	69.6	-0.6	10.34
High Income	63.7	67.5	-0.8	9.44
A. H. Eq. Inc.	37.7	40.3	-0.5	8.66

International Funds

International	26.8	28.7	-0.2	2.80
International	42.8	45.8	+0.4	2.77

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485.

Dis. Inc. Dec. 27	176.8	188.5	.....	6.26

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA. 01-623 8893

Great Winchester	17.3	19.0	.....	6.10
Gt. Winchester O'seas	19.3	21.0	.....	2.52

Emson & Dudley Tst. Mngmnt. Ltd.
20a Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	69.7	74.9	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.5	71.0	-1.1	5.36

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4991.

American	24.4	25.4	-0.1	1.0
Fixed Interest	24.0	25.2	.....	13.4
Growth & Income	24.7	26.0	+0.1	7.90
Special Sits.	24.4	25.6	.....	3.0

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.0	28.0	+0.5	2.40
Accum. Units	31.6	33.9	+0.5	2.40
J. Finlay High Income	32.0	34.4	-0.4	9.84
J. Finlay Euro.Fin.	24.0	25.8	+0.1	3.46
Accum. Units	29.6	31.8	+0.2	3.46
J. Finlay Fd. In. Tst.	28.3	30.4	.....	5.78
Accum. Units	34.2	36.7	.....	5.78

Prices on Jan. 3. Next dealing Jan. 9.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	51.4	54.6	.....	1.34
American Turnaround	51.2	54.5	.....	2.00
Capital Tst.	47.6	50.6	-0.6	3.36
(Accum. Units)	47.6	50.6	-0.6	3.36
Income Tst.	33.6	35.6	-0.4	8.96
Int. Growth Fd.	40.0	42.4	-1.4	2.37
(Accum. Units)	42.2	44.8	-1.6	2.37

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

NOTES

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99[illegible]	95[illegible]	Treasury 9pc 1980‡‡	98[illegible]	+[illegible]	9.10	15.41
99[illegible]	95[illegible]	Treasury 9½pc '80‡‡	97[illegible]	+[illegible]	9.71	15.77
97	92¼	Treasury 3½pc '77-80	95[illegible]	.....	3.65	13.25
97[illegible]	92[illegible]	Funding 5¼pc '78-80‡‡	96	.....	5.47	14.73
103¾	97½	Exchequer 13pc 1980‡‡	98[illegible]	+[illegible]	13.21	14.87
102[illegible]	95[illegible]	Treasury 11½pc 1981‡‡	96[illegible]xd	+[illegible]	11.88	14.95
93¾	88[illegible]	Treasury 3½pc 1979-81	90[illegible]	−[illegible]	3.86	12.60
99[illegible]	92[illegible]	Treasury 9¾pc 1981‡‡	93[illegible]	+[illegible]	10.43	15.65
96¼	89½	Exch. 8¼pc 1981	91½	.....	9.02	15.00
98[illegible]	91¼	Exch. 9½pc 1981	92[illegible]	+[illegible]	10.29	15.21
91[illegible]	84¼	Exch. 3pc 1981	85½	−¼	3.51	13.13
98[illegible]	94[illegible]	Treas. Variable '81‡‡	96[illegible]	.....	16.87	20.22
104[illegible]	95[illegible]	Exch. 12¾pc 1981‡‡	95[illegible]	−[illegible]	13.31	15.32
96[illegible]	87¼	Treas. 8½pc '80-82‡‡	88½xd	.....	9.60	15.30
89½	82	Treasury 3pc '82‡‡	82½	−¼	3.64	12.62
108[illegible]	97[illegible]	Treasury 14pc '82‡‡	97[illegible]	−[illegible]	14.33	15.22
97¼	92[illegible]	Treas. Variable '82‡‡	95[illegible]	.....	17.10	20.33
95¼	85¼	Treasury 8¼pc '82	86[illegible]xd	+[illegible]	9.57	15.09
97¼	85[illegible]	Exch. 9¾pc 1982	86[illegible]	+[illegible]	10.70	15.50
95[illegible]	84[illegible]	Exch. 8¾pc 1983	85[illegible]xd	+[illegible]	10.29	15.11
86[illegible]	76¼	Exch 3pc '83	76½	−¼	3.92	12.24
104[illegible]	90[illegible]	Treasury 12pc 1983‡‡	91[illegible]	+¼	13.10	15.37
95	90[illegible]	Treas. Variable '83‡‡	92[illegible]	−[illegible]	17.69	20.45
97¼	82[illegible]	Treasury 9¼pc '83	84[illegible]xd	+[illegible]	10.92	15.00
98[illegible]	83½	Exch. 10pc 1983	85¼	.....	11.73	15.08
89½	76	Funding 5½pc '82-84‡‡	76½	.....	7.19	13.20
97[illegible]	86[illegible]	Exch. 11¼pc 1984	87¼	−[illegible]	12.89	15.52
77¼	69	Exch. 3pc 1984	69[illegible]xd	.....	4.30	11.94

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979-80 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103¾	96	FFI 13pc 1981	97	−¼	13.40	16.15
108¾	94	Do. 14pc '83	95	−½	14.74	15.72
86½	77½	ICFC 5½pc Deb. '80-82	80¾	−¼	6.95	15.25
85	69	Do. 6¾pcDb. '81-84	71½	−¼	8.87	14.80
99	79½	Do. 10¼pc Uns.Ln. '86	80½xd	.....	13.84	15.60
99	79	Do. 11pc Uns.Ln. '88	80xd	.....	13.75	14.90
101½	80	Do. 11¾pc Uns.Ln. '90	82xd	.....	14.32	15.30
72½	54½	Do. 7¼pcADeb. '89-92	56	.....	13.17	15.30
69	53	Do. 7¼pcA Db. '91-94	56	.....	13.52	15.20
67½	64	Do. 9pc'A' '91-94	67	.....	14.03	15.20
78½	61½	Do. 8¾pcLn. '92-97	64½	−1	14.64	15.30
102	85	Do. 12½pc Uns. Ln. 1992	88½	.....	14.57	—

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MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

142	56	Messina R0.50	142xd	+6	Q10c	♦ 4.0

MISCELLANEOUS

High	Low	Stock	Price	+ or -	Div.	Cvr	Y'ld
81	54	Barymin	62	-2	—	—	—
14½	10	Burma Mines 17½p	12		—	—	—
380	170	Cons. Murch. 10c.	380xd		Q100c	♦	15.1
470	280	Northgate C$1	470	+20	—	—	—
362	226	R.T.Z.	352	+10	†11.5	3.4	4.7
31	12	Robert Mines	16		—	—	—
65	26	Sabina Inds. C$1	34	+2	—	—	—
880	470	Tara Expln. $1	500		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- 0 No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 22

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

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RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

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CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday January 4 1980

Soames asks leaders to wait

BY QUENTIN PEEL IN JOHANNESBURG

THE BRITISH Administration in Rhodesia yesterday asked the joint leaders of the Patriotic Front guerrilla alliance to postpone their return to the country, as it faced mounting problems in the implementation of the six-day-old Rhodesian ceasefire.

The request was made only a day before the deadline for the estimated 15,000-20,000 guerrillas to assemble in camps. Only a little over 5,000 have done so.

But the British authorities appear determined to press on with their election plans, despite the deterioration of relations between Lord Soames, the British Governor, and the political wings of the Patriotic Front, and despite continuing lawlessness and violence throughout the country.

Mass rallies had been planned for the return of both Mr. Joshua Nkomo, leader of the ZAPU wing of the guerrilla alliance and Mr. Robert Mugabe, of ZANU. The British request for a postponement of their arrivals was made on security grounds in each case.

British officials argued that the ZAPU rally planned for Sunday would clash with the election launch of Bishop Abel Muzorewa, the former Prime Minister, also in Salisbury, and there was a "very serious danger of violence."

They said the reason for postponing the ZANU leader's return wa: that he was seeking to bring too many bodyguards with him. But ZANU officials in Salisbury claimed they were told that the Rhodesian police were unable to make adequate security arrangements for the planned mass rally tomorrow.

The postponement seems likely to cause a further deterioration in relations between Lord Soames and the two wings of the PF. Delay could prevent the two factions from launching their election campaigns at the same time as the other political parties, including Bishop Muzorewa's United African National Council.

Loard Soames broadcast a "final, urgent appeal" on all radio stations yesterday for the guerrillas to assemble, as British officials conceded that the number so far was "insufficient."

Rhodesian security forces yesterday reported a further 10 deaths since the December 28 ceasefire, and a series of incidents of robberies, assault and cattle theft.

PF officials blame the lack of progress on the presence of Rhodesian units near the rendezvous points, and the continuing activities of the Rhodesian auxiliaries—Bishop Muzorewa's private army—in the Tribal Trust Lands and African townships.

Bernard Simon adds from Johannesburg: Continuing breaches of the ceasefire inside Rhodesia make it most unlikely that South African units there will be withdrawn for the time being.

Although the South Africans say they will do nothing to hinder the settlement process in Rhodesia, they are known still to be concerned about the safety of what Prime Minister P. W. Botha referred to recently as "our vital lines of communication."

Our foreign staff writes: The repatriation of at least 250,000 Rhodesian refugees from neighbouring African states will be discussed at a one day meeting at the Foreign Office in London today.

The British Government hopes that the UN High Commission for Refugees will hear most of the cost of repatriation, which is unlikely to be completed before Britain hands Rhodesia over to a newly elected government.

Men and Matters, Page 12

Adams arrest on eve of talks

By Our Belfast Correspondent

LEADING REPUBLICAN Gerry Adams, 31, was still being questioned yesterday by detectives at Castlereagh after his arrest in West Belfast on Wednesday.

Adams, who is vice-president of Provisional Sinn Fein, the IRA's political wing, was detained, with another man named as Joe Baker, from North Belfast, under the Emergency Provisions Act. This permits terrorist suspects to be held for at least three days without charge.

Adams, an ex-barman, who helped to negotiate an IRA ceasefire with Mr. William Whitelaw in 1972, has spent four of the past 10 years in custody, either interned or awaiting charges. He was held for seven months last year on a charge of membership of the IRA, as a result of a TV appearance, but was freed by a judge who ruled there was "insufficient evidence" to proceed with the charge.

Sinn Fein said that the arrest seemed to be timed to coincide with the opening of the constitutional conference on Northern Ireland next Monday.

The arrest also coincided with the swearing in of the new RUC Chief Constable, Mr. Jack Hermon, who has a reputation as a tough but fair policeman.

● The official Unionist leader, Mr. James Molyneaux, MP, yesterday claimed that Monday's constitutional conference was designed to shift Northern Ireland "just one step out of the United Kingdom and eventually into an Irish republic."

His party has refused to take part in the talks, but has made a written submission to Mrs. Thatcher calling for restoration of devolved government, without power-sharing or reform of local government.

He singled out what he described as "the Foreign Office element" for criticism, claiming that it was "engaged in a concerted drive to see that the Secretary of State, Mr. Atkins, should move away from the Conservatives' election manifesto commitment to establish a regional council for local government, in the absence of a devolved government."

The party proposes that one or more regional councils should be set up along Scottish lines.

The proposals indicate how far the Unionists have moved from the concept of devolved government, since if such a regional council was set up it would destroy the case for an Assembly with legislative and executive powers.

THE LEX COLUMN

Gold approaches melting point

The eighties have begun in the financial markets in a grotesque parody of the final weeks of 1979. Yesterday saw gold rising by more than $80 an ounce at one stage, renewed heavy pressure on the dollar, which traded below DM 1.70, and the FT 30-Share Index falling momentarily below 400.

The gold price has long since parted company with any concept of underlying useful value. The scramble by international portfolio managers to raise the weighting of gold in their funds has been made more desperate by the Soviet invasion of Afghanistan. But yesterday's demand seems to have included a fair element of short-covering by U.S. traders who had been foolhardy enough to sell gold short in the mid $500s.

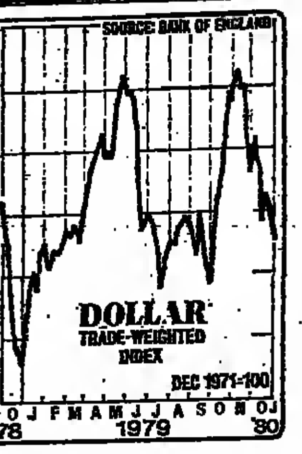
There are now signs that this relatively illiquid market is getting dangerously overheated. When the little man starts to queue up outside bank branches to buy gold coins, it is time to watch out. It may take only a modest change in the news background—for instance, a softening of the spot oil price—to trigger a rush for the exit.

Yesterday it was the leap in the gold price that sparked off weakness in the dollar, rather than the other way round. The Bundesbank and other central banks seemed quite happy to intervene substantially in support of the dollar, which suggests they considered that the pressure on the currency was not fundamentally justified. But the dollar is still regarded with deep suspicion, as the feeling gathers force that the Federal Reserve's monetary policy is nowhere near as tough as last October's package led the markets to believe.

The banking system in the U.S. still has easy access to cheap money through the rediscount facility, and U.S. bank reserves are growing at an alarming rate. This, as much as any slackening of loan demand, explains the easier trend in U.S. interest rates at the end of 1979. There are now some signs that corporate tax payments and involuntary stockbuilding may increase credit demand from companies at a time when the Government is bidding heavily for funds, and it would not be surprising if short rates began to rise again. This should give some support to the dollar, provided that the Fed does not put more funds into the money market.

In London both equities and—rather more convincingly—gilt-edged managed to rally after a dismal morning. The steel unions made noises which suggest that they are not immoveably entrenched, and tha markets seem to be hoping that the strike will not last out the month.

Index fell 0.1 to 406.9



For gilts, there was also some encouragement from the December gold and curency reserve figures, which showed that sterling was in stronger demand than had been apparent over the month. The Bank of England was presumably adding to the reserves most actively during the OPEC meeting, which brought out sterling's petrocurrency charms.

But the continued high valuation of the pound is as uncomfortable as ever for British industry, and the only shares that the institutions were interested in yesterday were gold mines.

Electronic Rentals

The high level of interest rates is a key reason for the disappointing figures from the Electronic Rentals Group at the half-way stage. Pre-tax profits, before the exceptional £3.5m for integrating BRW, bave risen from £8.9m to £9.1m. A total of some £45m floating rate debt raised to acquire BRW bas proved the main reason for the rise in interest charges from £1.6m to £5.8m.

Consolidation of BRW has only now been achieved, some four or five months behind schedule, adding a further drag to profits. Part of the reason for the delay was the increase in VAT after the Budget which complicated the transfer of customers.

There is unlikely tn be mnch of an improvement in the second half, although exceptional items should come down to below £500,000. Interest rates will continue to prove a headache — they are now 6 percentage points above the level budgeted for — leaving likely full-year pre-exceptional profits at much the same level as the £18.2m last year. The share price fell 8p to 87p yesterday, where the forecast yield is 7.8 per cent and the fully-taxed prospective p/e, before exceptional items, about 17.

The high multiple can only be justified by the longer term outlook. With BRW, the group's density of sets per outlet is the highest in the industry at 3,500, compared with 2,900 for Thorn and Granada, 2,200 for Rediffusion. The group will also benefit from falling interest rates, while the price rise planned for this year—the first since September 1977—should help rebuild margins.

The main question-mark is the high gearing, with debt now probably in the region of 60 per cent of capital employed. Given the burden of the heavy re-equipment programme necessary over the next few years, together with the possible need to invest in property to provide larger outlets suitable for video software, an injection of equity cannot be ruled out. Whether this would come from Philips, which owns 34 per cent of the group, or through a rights issue, is an open question.

Fodens

The announcement of a £1.73m halfway loss by Fodens is uncomfortably familiar. Four years ago, it staggered under the weight of an ill-timed investment programme ahead of a slumping market. Then, a syndicate of institutions rallied behind the County Bank to rescue the company with a £3m equity injection. The company blames its current loss on the engineering strike, which it says cost £1.2m for the half. But finances were already depleted by a heavy three-year programme of model replacement.

In March, 1979, borrowings stood at £12m. After the latest losses shareholders' funds are down to around £9.1m, and the market capitalisation is no more than £7.2m at 35p.

The Fodens management remains relentlessly optimistic. It forecasts a profitable second balf, though it will not make enough to wipe out first half losses. For the moment, its 130 truck-per-week capacity plant is only producing about 55 a week, a little better than the break-even level. And market forecasts are for an 8 per cent decline in western European truck demand this year, with the recession set to last two years.

EEC to lend Britain more

By Giles Merritt in Brussels

A LOAN PACKAGE to British companies which is due to be the forerunner of substantially increased lending to the UK by EEC financial institutions was annouced in Brussels yesterday by the European Commission.

The latest loans are themselves comparatively small, but mark an increase in the volume of lending to British manufacturing industry by the Luxembourg-based European Investment Bank, and by the European Coal and Steel Community.

Under the terms of the exchange rate cover scheme, in which the British Government covers the exchange risk of the EIB's foreign denominated loans for a charge of 1 per cent, UK projects are believed to have received loans amounting to £125m during 1978-79.

The scheme is expected to funnel £200m in loans to British industry, in 1980-81, however, with £60m of that earmarked for small businesses. An important aspect of the scheme is that funds should be directed to creating new jobs and safeguarding existing ones in economically-depressed areas.

The latest EIB loans total £3.32m and are for three companies in Scotland and North-East England. The EIB financing is to go towards funding projects that are calculated to create 440 new jobs. All three loans are over seven years at 10 per cent.

Further fall of industrial investment is expected

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY has revised downwards its capital spending plans for this year following the deterioration in the economic outlook over the past few months.

The latest survey of investment intentions published yesterday by the Department of Industry shows that the fall in the volume of expenditure by manufacturing industry is likely to be larger than indicated by the previous inquiry in the early autumn.

Moreover, the starting point is a slightly olwer than expected level of manufacturing investment in 1979.

Total investment by manufacturing and distributive and service industries is projected to decline by 1.75 per cent this year to £8.69bn at 1975 prices—equivalent to roughly £16bn at current prices—following a rise of 3.1 per cent in 1979.

Falling investment and reduced stock levels are expected to be the main depressing influences on the economy this year, as companies try to cut back their commitments in response to faltering demand and liquidity pressures.

Spending by distributive and service industries is still expected to rise and the change in investment expectations has been most significant for manufacturing.

The previous survey, released in October, indicated a fall in spending in real terms of up to 7 per cent from the 1979 level. The indications from the latest inquiry are that the fall may be between 6 to 10 per cent, which is broadly in line with the projections of most private-sector economic forecasters.

This follows an estimated drop of nearly 3 per cent in real terms in 1979, in contrast to the expectation of a rise a year ago.

Forms for the latest survey were sent out at the end of October and the results are based on replies received up to mid-December, covering the period of the rise in Minimum Lending Rate to 17 per cent and the publication of the Treasury's gloomy economic forecasts.

The Department of Industry states that interpretation of the preliminary survey for 1981 is more than usually hazardous. The tentative view is that there may be a further fall in investment in 1981, although it would be unusual to have a decline in three consecutive years.

The detailed figures show that all manufacturing industries are likely to show reduced investment this year compared with 1979. Above-average falls are expected for the textile, leather and clothing and the vehicle industry—in the latter case from recent high levels of spending.

In contrast there is expected to be only a small fall in investment by the engineering, shipbuilding and metal goods sectors.

Howe backs 'enterprise zones'

BY ELINOR GOODMAN

The Government is expected to decide whether to set up about four "enterprise zones" in which planning regulations would be kept to a minimum to attract business back into inner city areas. Companies setting up in these areas might also receive tax advantages, although Ministers still disagree on this key point.

The idea, originally proposed in opposition by Sir Geoffrey Howe, the Chancellor of the Exchequer, is expected to be discussed shortly by a Cabinet committee.

The scheme has some influential advocates in Cabinet, including Sir Geoffrey. But other Ministers—including, it is believed, some junior Ministers at the Treasury—have reservations that some of the measures originally proposed by Sir Geoffrey will be tackled on a national basis in the Local Government Bill.

They also feel that it is an inappropriate time to introduce new tax exemptions, especially as the Treasury is seeking to clamp down on special exemptions.

Other Ministers, however, argue that th escheme could help to bring back industry to areas which would otherwise deteriorate further.

Continued from Page 1

Iran oil

to boost its supplies through new contracts being negotiated with British National Oil Corporation — the biggest trader of North Sea oil. New government figures show that North Sea production last year totalled over 76m tonnes — around 80 per cent of the country's oil consumption level. During 1980 Britain is expected to pass the point of oil self-sufficiency, with demand now running at about 96m tonnes annually.

Shell, another company with a major North Sea interest, has seen its Iranian contract supply reduced from 195,000 b/d at the end of 1979 to just 95,000 b/d over the next nine months. The company said that no other details were yet available.

Mexico, not a member of the Organisation of Petroleum Exporting Countries, is the latest oil producer to raise its prices. Crude oil produced onshore now costs $32 a barrel — a 30 per cent increase on previous levels — although the heavier type produced offshore is being priced at $28 a barrel, almost $5 a barrel more than the price being charged by Saudi Arabia for its heavy crude oil.

Both sellers and buyers on the spot market reacted to the worldwide oil pricing muddle by being reticent to do business. Each appeared to be waiting for the prices to settle, one of the reasons why North Sea producers have postponed fixing their new prices.

But it seemed that the volatile spot market has weakened somewhat. According to Europ-Oil Prices, the London-based price monitoring service, a cargo of 160,000 tonnes of Iranian crude oil failed to attract buyers at the asking rate of $38 to $39 a barrel. There was a "universal" view that the price was too high, said the analysts. Before Christmas, Iranian oil was heing sold on the spot market for up to $45 a barrel.

Big inflow of foreign currency

BY DAVID MARSH

SMOOTHING intervention by the Bank of England to meet almost continuous demand for the pound on foreign exchange markets led to fairly sizeable inflows of foreign currency last month.

The gold and foreign currency reserves for December, published yesterday, rose $302m to $22.72bn, the highest level since August.

Taking into account public sector borrowing of $207m and repayments of $398m, the underlying rise compared with the end-November figure was $493m.

The Bank of England has not altered its basic policy of standing back from active intervention to hold a specific level for the pound's exchange rate.

But smoothing dollar purchases to cream off excess demand for sterling, even though fairly small on a day-to-day basis, meant considerable intervention in last month's unsettled exchange market conditions.

The pound reached a 3½ month high towards the end of December, buoyed by benefits due to the oil reserves of higher world oil prices.

Overall last month it was fairly stable, rising about 1 per cent against the dollar, 0.8 per cent on a trade-weighted basis.

This compared with the rise in November of 6 per cent against the dollar, 4.5 per cent trade weighted.

The Bank has continued to buy dollars in the first two trading days of this month, when the dollar has come under general pressure against hoth the pound and Continental currencies.

Repayments last month of public sector debt raised under the exchange cover scheme included $162m by the Electricity Council and $103m by British Gas. A capital repayment of $121m was also made on the long term loans from the U.S. and Canada raised after the war.

New borrowings included $100m by the National Coal Board and $99m by the Post Office.

The reserves finished the year about $7bn higher than at the end of 1978. A large amount of the increase reflected revaluation of the gold reserves last March.

Sterling loans up, Page 5

Interbank to issue travellers' cheques

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

INTERBANK, the international banking club which issues the Mastercharge credit card, will go ahead with a plan to issue its own travellers' cheques.

The programme, given general approval by member banks last week, provides for the first Interbank cheques in January 1981.

This is a year behind the travellers' cheque scheme of Visa, Interbank's main rival in international banking payment systems.

Visa's scheme has just started. The organisation aims at 10 per cent of the world market within a year, and 40 per cent in five years.

Interbank said yesterday that it would seek a "substantial," though unquantified, part of the world market.

Details of the schema will be revealed to member banks in Los Angeles in February.

The first cheques will he issued in U.S. dollars. Other currencies will be added later. Mr. Bryan Smith, an Interbank executive, said that the next currencies were likely to be sterling and the Canadian dollar.

The prospect of an early Interbank sterling travellers' cheque depends on whether National Westminster or Lloyds Banks decide to join the scheme.

Barclays is already committed to the Visa scheme, while Midland is in negotiations with banking representatives from 13 European countries to create a European cheque.

American Express, the market leader, is in discussions with leading French banks to develop new French franc cheques.

Interbank hanks first announced their intention to start a travellers' cheque system in February 1978. The cheques were to be issued through a parallel company known as MCTC. But that plan has been frustrated since April 1978 because of a U.S. court action by Citibank, a leading member of the Mastercharge credit card system.

Citibank has claimed that all Interbank members would be forced to become issuers of the MCTC cheque, with consequent damage to its own network of agents, based on many of the same hanks.

Under the new plan, Interbank members have voted to transfer the travellers' cheque scheme from MCTC to Interbank itself. This is seen as a device to defeat the Citibank suit, which continues.

Weather

UK TODAY

SHOWERY in most places, clearing later. Near normal temperatures.

England, Wales, S.W. Scotland, Glasgow, Argyll, N. Ireland

Rain in places, clearing to bright or sunny intervals later. Moderate or fresh southwesterly winds. Max. 9C (48F).

Borders, Rest of Scotland, Orkney, Shetland

Mostly cloudy with ontbreaks of rain. Hill fog and snow. Max. 6C (43F).

OUTLOOK

Some rain, turning into sleet in E., becoming dry in W.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	10	50	Locarno	F	4	39
Algiers	S	14	57	London	R	5	41
Amsdm.	Sn	−1	30	Luxmbg.	C	−2	28
Athens	F	12	54	Madrid	S	8	46
Bahrain	S	18	63	Majorca	C	10	50
Barclna.	F	11	52	Malaga	S	16	61
Belfast	C	8	48	Malta	C	9	48
Belgrd.	Sn	−3	27	Mchstr.	R	3	37
Berlin	F	−3	27	Melbne.	C	24	75
Biarritz	S	7	45	Mex. C.	S	24	74
Bmghm.	R	3	37	Milan	S	7	45
Blackp'l	R	2	36	M'ntreal	S	−9	16
Bordx.	S	3	37	Moscow	C	−2	28
Boulgn.	R	4	39	Munich	F	−4	25
Bristol	R	8	46	Nairobi	S	25	77
Brussels	C	1	34	Naples	F	6	43
Budpst.	S	−2	28	Nwcstl.	C	0	32
B. Aires	S	31	88	N. York	S	1	34
Cairo	S	21	70	Nice	S	8	46
Cardiff	R	6	43	Nicosia	F	17	63
Casbca.	S	16	61	Oporto	S	12	54
Cape T.	S	22	72	Oslo	S	−8	18
Chicago	C	−1	30	Paris	C	2	36
Cologne	F	0	32	Perth	S	29	84
Cpnhgn.	F	−4	25	Prague	F	−3	27
Corfu	C	8	46	Reykjvk.	F	2	36
Dublin	R	11	52	Rhodes	C	14	57
Dbrvnk.	F	2	36	Rio J'o	C	26	79
Ednbgh.	R	3	37	Rome	S	6	43
Faro	S	15	59	Salzb'g	C	−3	27
Florence	S	6	43	Singapr.	S	30	87
Frankf't	S	0	32	Stckhm.	Sn	−6	21
Funchal	C	15	59	Strasb'g	F	1	34
Geneva	F	1	34	Sydney	R	20	68
Gibrltr.	S	15	61	Tangier	S	16	61
Glasgow	R	2	36	Tehran	S	38	100
G'nsey	R	7	45	Tel Aviv	S	18	64
Helsinki	Sn	−4	25	Tenerife	F	12	54
H. Kong	S	22	72	Tokyo	C	6	43
Innsbr'k	S	−4	25	Toronto	S	−5	24
Invrnss	C	2	36	Tunis	C	9	48
I.o.Man	R	9	48	Valencia	S	11	52
Istanbul	R	11	52	Venice	S	7	45
Jersey	R	6	43	Vienna	F	0	32
Jo'burg	S	26	79	Warsaw	C	−3	27
L. Plms.	F	20	68	Zurich	F	0	32
Lisbon	S	11	52				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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